MISSOURI DEVELOPMENT FINANCE BOARD

A COMPONENT UNIT OF THE STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2010

MISSOURI DEVELOPMENT FINANCE BOARD
(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

PREPARED BY
THE ACCOUNTING DEPARTMENT:

- **KRYSTAL DAVIS, CPA**
  CONTROLLER
- **DAWN HOLT, CPA**
  SENIOR ACCOUNTANT

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

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MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Principal Officials

BOARD MEMBERS

Ms. Marie J. Carmichael, Chair
Mr. John D. Starr, Vice Chairman
Mr. Larry D. Neff, Secretary
Mr. John E. Mehner, Treasurer
Mr. L. B. Eckelkamp, Jr.
Ms. Danette D. Proctor
Mr. Brian H. May
Mr. Kelley M. Martin
The Honorable Peter D. Kinder, Lieutenant Governor
Mr. David D. Kerr, Director, Department of Economic Development
Dr. Jon Hagler, Director, Department of Agriculture
Mr. Kip Stetzler, Acting Director, Department of Natural Resources

STAFF

Mr. Robert V. Miserez, Executive Director
Ms. Krystal Davis, CPA, Controller
Ms. Dawn Holt, CPA, Senior Accountant
Ms. Kathleen Barney, Senior Portfolio Manager
Ms. Alice Bernard-Jones, International Business Manager
Mr. Mike Golden, Finance Officer
Ms. Kimberly Martin, Community Development Program Manager
Mr. Ryan Vermette, Finance Specialist
Ms. Valerie Haller, Executive Assistant
Ms. Erin Carel, Administrative Assistant

BOARD COUNSEL

Mr. David Queen, Gilmore & Bell, P.C.

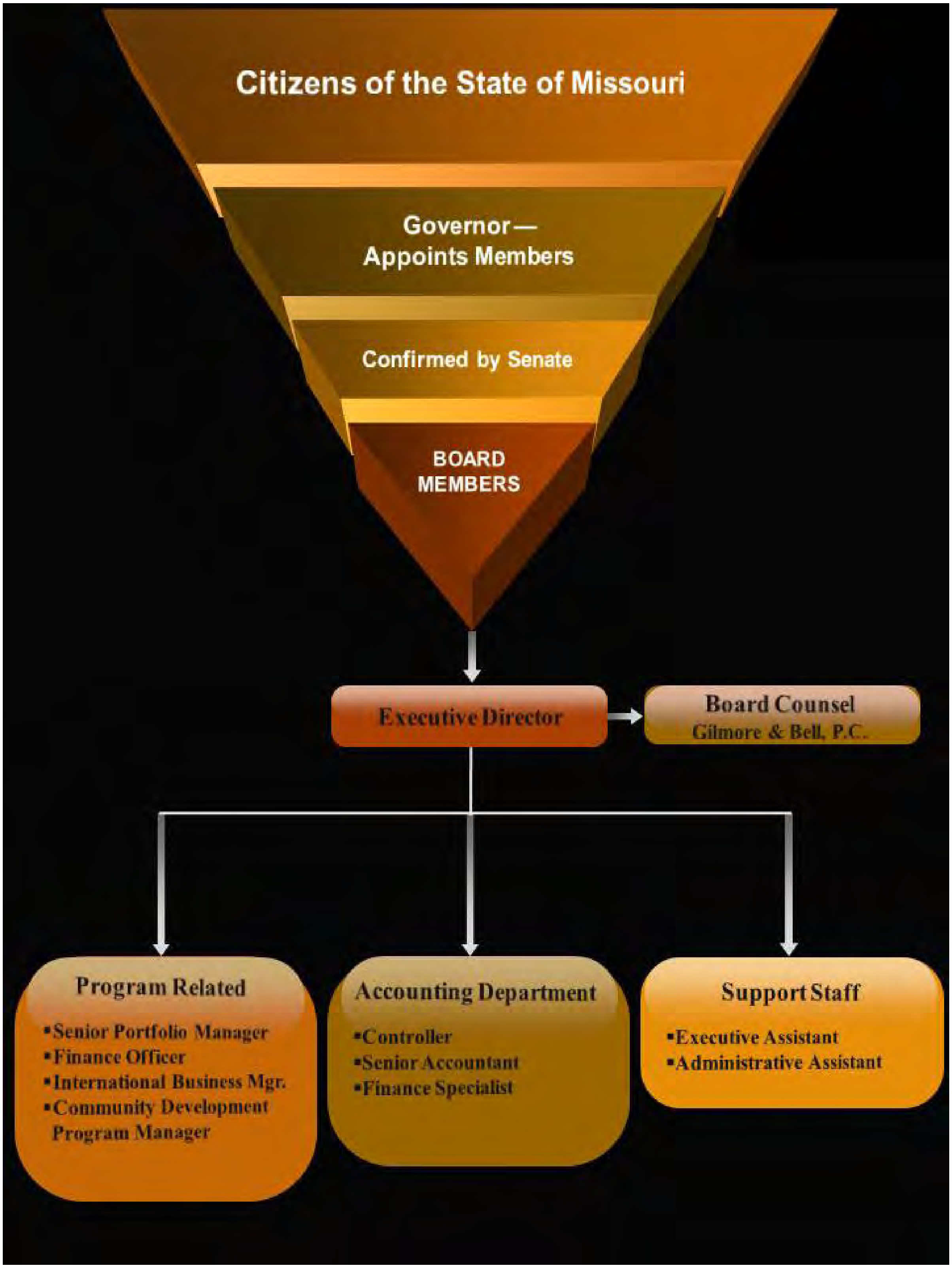
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Organizational Chart



MISSOURI DEVELOPMENT FINANCE BOARD

September 30, 2010

Members of the Missouri Development Finance Board:

We are pleased to submit the comprehensive annual financial report of the Missouri Development Finance Board (the Board) of the State of Missouri for the fiscal year ended June 30, 2010. The Accounting Department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams-Keepers LLC, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Missouri Development Finance Board’s financial statements for the year ended June 30, 2010. The Independent Auditor’s Report is located at the front of the Financial Section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read with it as well.

PROFILE OF THE GOVERNMENT

The Missouri Development Finance Board is a “body corporate and politic” created by the State of Missouri. Its statutory citation is the Revised Statutes of Missouri (RSMo) Sections 100.250 to 100.297. The Board’s primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri’s Comprehensive Annual Financial Report.

The original development board was created by Missouri statute in 1982 as the Missouri Industrial Development Board. The current legislative authorization dates to 1993 and was the fourth major statutory change since 1982. Each of these changes resulted in increased authority and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing programs to carry out its mission of facilitating economic and infrastructure development projects. The Board administers 15 different programs that correspond to its mission to benefit the citizens of the State of Missouri. The Board’s programs include:

1. Revenue bonds for private commercial and nonprofit projects.
   Pursuant to RSMo Section 100.275, the Board is authorized to issue revenue bonds for purposes permitted under RSMo Section 100.255, including the purchase, construction and improvement of facilities used for manufacturing and other commercial purposes, and for recreational and cultural facilities.

2. Revenue bonds for public infrastructure projects.
   The Board also is authorized to issue its revenue bonds to finance essential infrastructure improvements and related work for local governments, state agencies and qualified public/private partnerships.

3. Missouri Tax Credit for Contributions.
   Missouri Statute 100.286.6 authorized the Missouri Tax Credit for Contribution Program. Through this program, the Board is authorized to grant tax credits equal to fifty percent of contributions made to the Board. Contributions are used to pay the costs of projects for Missouri governmental, quasi-governmental and nonprofit entities which have been approved by the Board. Per statute, during any *calendar year*, the Board can authorize no greater than ten million dollars. The limitation on tax credit authorization and approval provided under this subsection may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter by the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration.

   In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities. In February 2008, the Board increased its commitment to this program to $1 million in tax credits annually. The Board can rescind the reservation each calendar year.

4. Tax Credit Bond Enhancement Program.
   The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of public entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program.
   The Direct Loan Program provides direct loans at reasonable interest rates.

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.
   The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri and create a significant number of new jobs. The incentives offered by BUILD are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive.

7. Quick Loan Program.
   The Quick Loan Program is to provide Missouri governmental and quasi-governmental entities quick access to short-term loans at tax-exempt rates. Loans should be for a minimum of $250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.

8. Missouri Infrastructure Development Loan Program (MIDOC).
   The MIDOC Program offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. Water and sewer projects addressing public health and safety receive priority. The program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects. Interest rates are three percent with a maximum loan amount of $150,000; however, if there is a critical need and with Board approval, this maximum loan amount may be exceeded. In December 2008, the Board amended the maximum proceeds amount from $100,000 to $150,000.

9. Loan Guarantees.
   The Board is empowered under RSMo Sections 100.250 to 100.297, as amended, to guarantee loans to credit-worthy businesses which cannot otherwise obtain credit at reasonable rates and terms in order to create or retain full-time employment.

10. City/State Partners Program.
    The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provides loan programs to support the production of goods and services for export.

11. Missouri Downtown Economic Stimulus Act (MODESA).
    The MODESA Program is an incentive tool that allows the Department of Economic Development and the Board to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization

12. Downtown Revitalization and Economic Assistance for Missouri (DREAM).
    The DREAM Initiative is a comprehensive, streamlined approach to downtown revitalization that provides a one-stop shop of technical and financial assistance for select communities to more efficiently and effectively engage in the downtown revitalization process. The DREAM Initiative is created through a partnership between the Missouri Development Finance Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission.

13. Missouri Community Investment Corporation (MCIC).
    The MCIC is a discretely presented component unit of MDFB. The Board members of MDFB as well as five additional members serve as the Board for the MCIC. The MCIC is a non-profit organization established for the primary purpose to serve as a qualified community development entity (CDE) in connection with the New Markets Tax Credit Program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. In October 2007, MCIC received word that it would not receive an allocation of tax credits. The MCIC will be inactive until such an allocation is received.

14. Small Business Loan Program.
    Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 shortly after assuming office. This E.O. directed DED to work with the Board "to create a pool of funds designated for low-interest direct loans for small businesses." In response, the Board established a $2 million fund. Loans are for $25,000 or less, bear interest at 3%, and can be used for capital and operational needs.

15. Seventh Street Garage Public Parking Corporation (SSGPPC).
    The SSGPPC is a discretely presented component unit of MDFB. Three Board members of MDFB serve as members for the SSGPPC. The SSGPPC is a non-profit organization established for the primary purpose to serve as a qualified active low-income business (QALICB) located in a low-income census tract as defined in Section 45D of the Internal Revenue Code of 1986 as amended. The SSGPPC is responsible for the construction and oversight of a garage at 601 Locust Street in St. Louis, Missouri to be known as the Seventh Street Garage.

The Board completed fiscal year 2010 in sound financial condition. The change in net assets for fiscal year ended June 30, 2010 was $12,769,667, versus $5,725,001 for fiscal year ended 2009. During fiscal year 2010, the Board not only fulfilled its mission to the State of Missouri by maintaining the Board's activities, it also expanded its mission through the creation of the Seventh Street Garage Public Parking Corporation. Assets were $133,618,487 and $117,412,653 at June 30, 2010 and June 30, 2009, respectively. The Board's involvement in very large projects has grown and, correspondingly, the Board's on-going responsibility to monitor those projects and their funds has significantly increased.

LOCAL ECONOMY

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is closely tied to that of the nation. The economic outlook followed the national trends during fiscal year 2010. At the end of June 2010, the state unemployment rate was 9.1% compared to 9.3% at the end of June 2009. The national rate held steady at 9.5% at June 30, 2010 and 2009.

MAJOR INITIATIVES

During the fiscal year ended June 30, 2010, the Board authorized 17 projects resulting in total Board-related financing of approximately $108 million. During fiscal years ended June 30, 2009 and 2008, the Board authorized 27 and 31 projects, respectively. Listed below are the significant projects approved during the fiscal year ended June 30, 2010.

<u>Seventh Street Garage Project</u>
In April 2010, MDFB approved its participation in a leverage loan financing structure utilizing Federal New Markets Tax Credits (NMTC) for the development of property in downtown St. Louis. The primary factor in approving the project was to resolve a serious parking shortage for major downtown employers including the U.S. Bank Tower's anchor tenant, Thompson Coburn. Thompson Coburn employs 500 employees and was considering relocating out of the City due to inadequate parking. The Land Clearance for Redevelopment Authority of the City of St. Louis (the LCRA) submitted the initial request for the garage project. Originally, MDFB was considering constructing a parking garage; however, the City subsequently revised the request to move the garage site to the St. Louis Centre east of the Tower (Seventh Street Garage), which would help with redevelopment of the surrounding downtown area, including One City Center. One City Center also is involved in a separate redevelopment project. The original proposal was to construct a brand new 350-space garage whereas the revised proposal was to modify the St. Louis Centre into a 750-space parking garage. The plan will preserve first floor retail and convert the upper floors to parking. MDFB purchased the building from LCRA and subsequently leased a portion to SSGPPC, its component unit, for the garage construction and operation, and the remaining portion to an unrelated party for the retail construction and operation. These were recorded as capital leases by MDFB. MDFB is directly involved in the development of the garage through its component unit, but has no direct involvement with the retail development. The garage will provide parking for the tenants of the retail and office space as well as provide parking for occupants of the neighboring U.S. Bank Tower. As described in the long-term debt section (see Note 9), several entities combined funding sources to flow through to the component unit to provide financing for the garage construction. The construction and operations of this garage are reported as a component unit of the Board. The involvement in this redevelopment project will have a significant impact on the Board's financial position in future years.

One City Center Redevelopment Project

In November 2009, the Board approved a loan for $5 million to the LCRA to fill a gap in financing to acquire and rehabilitate the One City Center Building (OCC). The OCC, now known as 600 Washington, is a 25-story, 375,000 square foot office tower that sits atop the St. Louis Centre. At the date of request, the OCC had a law firm interested in a lease for the renovated space. The project was a critical part of the larger district redevelopment plan for the City. The rehabilitation of the St. Louis Centre as discussed above, as well as the rehabilitation of the Dillard's Building into a mixed-use hotel/apartment/retail facility, hinged upon the successful financial closing of the garage redevelopment project.

St. Louis Central Library

In November 2009, the Board approved $3 million in tax credits to raise $6 million in contributions to assist the St. Louis Municipal Library District in the renovation, refurbishment and modernization of the main downtown headquarters library facility. Total project cost is estimated at $67,472,000. The main library opened in January 1912 after a three-year construction period. Planning and design began following a $1 million grant from Andrew Carnegie in 1901. The Library sits on one full block bounded by 13th & 14th, Olive and Locust streets in downtown St. Louis. Designed by Cass Gilbert in the Italian Renaissance style, it is one of the most significant architectural structures in the country.

Children International

In October 2009, the Board approved a final authorizing resolution for Cultural Facility Revenue Bonds not to exceed $12.5 million. Children International currently assists more than 300,000 children and their families in the United States and 10 other countries. The world headquarters is located in southern Kansas City. The property has 45,000 square feet of office space and 30,000 square feet of warehouse/ printing space. Bond proceeds will be used to fund demolition of one wing of the existing office building, construction of 28,000 square feet of new office space, and remodel 40,000 square feet of existing office space. Project costs also include a new parking lot, equipment, professional fees and financing costs.

Hangar Ten / Wheeler Downtown Airport

In September 2009, the Board approved $3.5 million in tax credits to leverage contributions of $7 million to fund a grant to the City of Kansas City for a portion of costs of site work, constructing and equipping of an "airport-related facility" consisting of a hangar and a facility housing a terminal, office space containing conference facilities, customer and pilot lounges, a flight planning area and pilot overnight rooms. Economic impact analysis concluded that the project would create 94 new jobs, 34 direct and 60 indirect and could potentially generate $5,990,000 in direct and indirect tax revenues over 10 years.

BUILD Missouri

RSMo Sections 100.700 to 100.850 govern the Business Use Incentives for Large-Scale Development Act (BUILD) that created the Program. During fiscal year 2010, six issues were given final approval and all six issues were closed. During fiscal year 2009, three issues were given final approval while four issues were closed. During fiscal year 2008, three bond issues were approved and two issues were closed.

Since the Program's inception, the Board has given final approval to 46 BUILD bond projects for various locations throughout the state. The total new jobs committed to be created for active projects are more than 11,154, issuing $95.3 million in bonds and will include over $2.3 billion in new private investment to the State of Missouri.

Small Business Loan Program

During the fiscal year ended June 30, 2010, the Board worked with the Department of Economic Development to approve loan applications for 48 small businesses across the State of Missouri. The approval of these applications provided $1,150,159 in long-term, low interest loans to approved small businesses for equipment expenditures, real estate improvements and operational expenses.

Smaller Communities

The Board continues to work toward its goal to actively seek out-state projects (outside the metropolitan areas of Kansas City and St. Louis). These efforts can be demonstrated by the initiation of the Downtown Revitalization Tax Credit for Contribution Program and the DREAM Program, both of which focus on smaller, out-state communities.

In March 2009, the Board approved $121,100 in credits to the City of Chillicothe for the benefit of Main Street Chillicothe's Silver Moon Plaza. The credits leveraged $242,000 in contributions that will be utilized to revitalize a blighted area in Downtown Chillicothe where three buildings were razed. Once developed, the park will showcase a mural depicting a historic former area feed business. The DREAM Initiative has placed a priority on this project in an effort to increase pedestrian traffic, boost the downtown economy, and provide an aesthetic venue in which to hold a variety of events and programming. In October 2009, the Board approved an additional $50,000 in credits to assist with unforeseen cost overruns in the project.

During fiscal years 2010 and 2009, the Board approved one loan and two loans respectively from the MIDOC Program to improve the water and wastewater system needs of smaller communities. During its history, the MIDOC program has issued 82 out-state loans with over $5.4 million in loaned principal.

The Board continues its partnership with the Missouri Association of Municipal Utilities (MAMU). MAMU is a non-profit trade organization for Missouri municipalities owning and operating an electric, water, natural gas or wastewater utility that offers the Municipal Finance Program to assist communities in financing utility improvements. Since inception, MAMU has assisted 44 communities through the issuance of $185 million of the Missouri Association of Municipal Utilities Tax-Exempt Commercial Paper, Series 1999, 2003, 2005, 2006 and 2008 for the Missouri Association of Municipal Utilities Municipal Finance Program.

During the fiscal years ended June 30, 2010 and 2009, the Board continued working with the Missouri Department of Economic Development and the Missouri Housing Development Commission in the DREAM Initiative. The three organizations recommended communities each year to the Governor's Office to provide a one-stop shop of technical and financial assistance to more efficiently and effectively achieve successes in downtown revitalization. Five communities were selected in fiscal year 2010: Brookfield, California, New Haven, Rolla and Savannah.

In addition, the Board along with the Department of Economic Development and the Missouri Housing Development Commission continued to work with the 2006, 2007 and 2008 DREAM communities. The ten 2006 DREAM communities assisted were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington and West Plains. The ten 2007 DREAM communities served were: Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. The ten DREAM communities designated in 2008 were: Boonville, Farmington, Fulton, Lamar, Lebanon, Louisiana, Macon, Strafford, Warrensburg and Webb City. DREAM communities receive significant downtown redevelopment, research, planning and capital assistance over a three-year period.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MDFB for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This is the tenth consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for an eleventh consecutive certificate.

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would like to thank the firm of Williams-Keepers LLC and their staff for their assistance in the preparation of this report; John E. Mehner for serving as Board Treasurer; and the MDFB Audit Committee, as chaired by L. B. Eckelkamp, Jr., for their oversight and guidance.

Respectfully submitted,

Krystal Davis, CPA
Controller

Dawn Holt, CPA
Senior Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Jeffrey L. Esser

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the business-type activities, each major fund, and the discretely presented component of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the discretely presented component unit of the Board as of June 30, 2010 and 2009, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Williams Keepers LLC

September 30, 2010

Management's Discussion and Analysis

As management of the Missouri Development Finance Board (the "Board"), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of our organization for the fiscal year ended June 30, 2010.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the 2010 fiscal year by $87,702,890 (*Net Assets).* Of this amount, $45,037,455 *(Unrestricted Net Assets)* may be used to meet the Board's ongoing obligations to citizens and creditors.

- During fiscal year 2010, the Board's total net assets increased by $12,769,667. Of the total increase in net assets, $2,769,667 is attributable to the normal operations of the Board. The remaining $10 million of the increase is the result of a one-time donation from U.S. Bank for the benefit of the Seventh Street Garage Project.

- At the end of the 2010 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund (IDRF) was $20,762,327, or approximately 7.19 times the Industrial Development and Reserve Fund's 2009 operating and non-operating expenses of $2,886,240.

- In fiscal year 2010, the Board loaned $24 million to the St. Louis Centre Investment Fund, LLC to assist with the Seventh Street Garage project and a $5 million loan to LCRA to assist with the redevelopment of the surrounding St. Louis downtown area including One City Center. The Board also issued one MIDOC loan to the City of St. Elizabeth in the amount of $58,000, as well as 48 Small Business Loans ranging from $5,000 – $25,000 each.

- During fiscal year 2010, the Board issued $9 million in bonds for the Seventh Street Garage project. The Board also paid down $245,000 in debt on the Ninth Street Garage Series 2004A taxable infrastructure facilities revenue bond.

- During fiscal year 2010, the Board created the Seventh Street Garage Public Parking Corporation, a non-profit entity, which is as a discretely presented component unit of MDFB per GASB Statement No. 14.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

However, because the Board uses only proprietary funds which present financial statement information in the same manner as government-wide financial statements only with more detail, we present two components. The Board's basic financial statements include: 1) fund financial statements, and 2) notes to the financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The Board's funds are considered proprietary funds.

Proprietary funds. Proprietary funds consist of two types of funds: Internal Service funds and Enterprise funds. Of the two types of proprietary funds, the Board maintains one type — Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Revolving Loan Fund as well as the Seventh Street Garage Public Parking Corporation, a component unit of the Board. All funds are considered to be major funds.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

MDFB

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by $87,702,890 at the close of fiscal year 2010, by $74,933,223 at the close of fiscal year 2009, and by $69,208,222 at the close of fiscal year 2008.

The following summarizes the composition of the Board's net assets as of June 30:

	2010		2009		2008	
	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 17,921,381	20.43%	$ 20,069,761	26.78%	$20,321,656	29.36%
Restricted	24,744,054	28.21%	10,431,799	3.74%	5,794,847	8.37%
Unrestricted	45,037,455	51.35%	44,431,663	69.48%	43,091,719	62.26%
	$ 87,702,890	100.00%	$ 74,933,223	100.00%	$69,208,222	100.00%

Unrestricted net assets are funds which may be used to meet the Board's ongoing obligations to citizens and creditors. Restricted net assets are restricted to specific purposes and may not be used for anything else. Capital assets are used to provide services to the citizens of Missouri.

During fiscal year 2010, capital assets decreased due to the sale of a renovated hotel to the United Way of Kansas City per their lease agreement. This sale did not result in a material change in net assets due to the purchase price being equivalent to the carrying value of the building. There was no material change in the capital assets in fiscal year 2009 (see Note 6 for further details). The decrease in capital assets, net of related debt, in 2008, is due to the donation of the Kansas City Library Garage to the Kansas City Urban Public Library District.

Restricted net assets increased $14,312,255 (137%) from 2009 to 2010. The increase is the result of the Board reclassifying funds in order to meet additional debt covenants related to the issuance of debt as well as maintain previous covenants. Restricted net assets increased $4,636,952 (80%) from 2008 to 2009. The increase is a result of reclassification of restricted net assets. Restricted net assets decreased $1,051,612 (15%) from 2007 to 2008 due to draws on tax credit project funds.

The increase in net assets for fiscal year 2010 was largely due to the contributed revenue of $10 million from U.S. Bank to assist in financing the Seventh Street Garage. The increase in net assets for fiscal year 2009 was largely because of the adjustment to allowance for loan losses for the Old Post Office loan. The $500,000 contribution to the 2009 Tour of Missouri Bike Race and the $1,100,000 SMI-NSG, LLC accrual reduced net assets of the Board for the fiscal year ending June 30, 2009. The decrease in net assets for fiscal year 2008 was largely due to the donation of the Kansas City Library Garage to the Kansas City Urban Public Library District and due to a $950,000 contribution to the 2007 and 2008 Tour of Missouri Bike Races.

The following summarizes the changes in net assets for the years ended June 30:

	2010		2009		2008	
	$	%	$	%	$	%
Operating income (loss)	$ 3,009,201	23.57%	$ 7,071,301	123.52%	$ 2,776,667	40.56%
Non-operating revenue (expense)	(239,534)	-1.88%	(1,346,300)	-23.52%	(9,623,057)	-140.56%
Contributed revenue	10,000,000	78.31%	-	0.00%	-	0.00%
Change in net assets	$ 12,769,667	100.00%	$ 5,725,001	100.00%	$(6,846,390)	100.00%

In comparison from 2009 to 2010, operating income is down $4,062,100 (57%). The decrease was largely due to the $6,225,485 adjustment to loan loss in 2009. Although total operating income decreased, tax credit for contribution and BUILD participation fees were up from the previous year. The total change in net assets increased $7,044,666 (123%) due to the $10 million in contributed revenue discussed in Note 12.

From 2008 to 2009, operating income was up $4,294,634 (155%). This large increase was due to the adjustment for the Old Post Office loan as mentioned above. Participation fees were down in fiscal year 2009 due to lower tax credit for contribution fees. Parking Garage revenues also were down.

SSGPPC

As part of the Seventh Street Garage (SSG) redevelopment project, MDFB created a 501(c)(3) corporation known as the Seventh Street Garage Public Parking Corporation (SSGPPC) to facilitate funding of the project through the use of Federal New Markets Tax Credits (NMTC). The SSGPPC is qualified as a "qualified active low-income community business" (QALICB) as required by NMTCs. MDFB is the sole member of the SSGPPC and effectively controls it. The SSGPPC is reflected as a discretely presented component unit in MDFB's financial statements.

SSGPPC leased the parking garage portion of the building from MDFB to develop an operational garage with 750 spaces, and SSGPPC will own the leasehold improvements and operate the garage. The lease is treated as a capital lease for accounting purposes. In order to fund the garage development costs, SSGPPC borrowed funds as noted below. SSGPPC has hired MXG Developer LLC to develop and construct the garage project (design, development, and construction) and St. Louis Parking Company to manage the garage upon completion.

MDFB and SSGPPC signed an administrative services agreement whereby MDFB will provide services to SSGPPC for an annual amount of $30,000. This amount will be reviewed on an annual basis to determine it remains reasonable. Services include basic financial records and management services. In addition, SSGPPC is required to pay excess cash, as defined by the Bylaws, to MDFB on a monthly basis.

In order to facilitate indirect financing to SSGPPC, MDFB issued $9 million in bonds that were purchased by Pulaski Bank with UMB Bank as bond trustee and contributed $5 million from its own resources. U.S. Bank contributed $10 million to MDFB via the Tax Credit for Contribution Program. MDFB loaned the above $24 million to St. Louis Centre Garage Investment Fund, LLC (SLCGIF). This entity was set up as a flow through entity for the project to qualify for NMTCs. U.S. Bancorp Community Development Corporation (USBCDC) is the sole member of SLCGIF. SLCGIF is not related to MDFB or SSGPPC and thus is not recorded on MDFB's financial statements. SLCGIF, in turn, made qualified equity investments totaling $29,840,934 to three community development entities (CDEs). The CDEs then loaned $29,840,934 to SSGPPC. The CDEs are not controlled by MDFB and not recorded in its financial statements. This flow through structure of funds was required for compliance with NMTC regulations.

The proceeds from the CDE lenders are being used to finance construction and equipping of the garage project as well as the shell for the retail space. The garage is to be completed and placed into operation during fiscal year 2011.

Further detailed information related to the Board's net assets and changes in net assets are included on the following pages.

Missouri Development Finance Board's Net Assets

	Business-Type Activities											
	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Totals	Totals	Totals
	2010	2010	2010	2009	2009	2009	2008	2008	2008	2010	2009	2008
Current & Other assets	26,046,382	29,394,172	4,643,101	46,063,183	5,388,836	4,609,074	37,457,103	3,531,233	2,633,321	60,083,655	56,061,093	43,621,657
Restricted Assets	6,413,850	18,330,204	-	9,130,167	1,301,632	-	24,278,999	2,719,562	-	24,744,054	10,431,799	26,998,561
Capital assets	58,780	48,467,601	-	1,269,734	49,650,027	-	1,348,801	50,822,855	-	48,526,381	50,919,761	52,171,656
Intangible assets	-	264,397	-	-	-	-	-	-	-	264,397	-	-
Total assets	32,519,012	96,456,374	4,643,101	56,463,084	56,340,495	4,609,074	63,084,903	57,073,650	2,633,321	133,618,487	117,412,653	122,791,874
Current liabilities	370,205	336,691	2,121	2,851,080	1,388,183	-	480,768	289,170	-	709,017	4,239,263	769,938
Total noncurrent liabilities	4,913,850	40,292,730	-	7,630,167	30,610,000	-	21,203,714	31,610,000	-	45,206,580	38,240,167	52,813,714
Total liabilities	5,284,055	40,629,421	2,121	10,481,247	31,998,183	-	21,684,482	31,899,170	-	45,915,597	42,479,430	53,583,652
Net Assets:												
Invested in capital assets, net of related debt	58,780	17,862,601	-	1,269,734	18,800,027	-	1,348,801	18,972,855	-	17,921,381	20,069,761	20,321,656
Restricted	6,413,850	18,330,204	-	9,130,167	1,301,632	-	3,075,285	2,719,562	-	24,744,054	10,431,799	5,794,847
Unrestricted	20,762,327	19,634,148	4,640,980	35,581,936	4,240,653	4,609,074	36,976,335	3,482,063	2,633,321	45,037,455	44,431,663	43,091,719
Total net assets	27,234,957	55,826,953	4,640,980	45,981,837	24,342,312	4,609,074	41,400,421	25,174,480	2,633,321	87,702,890	74,933,223	69,208,222

Missouri Development Finance Board Change in Net Assets

	Business-Type Activities											
	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Totals	Totals	Totals
	2010	2010	2010	2009	2009	2009	2008	2008	2008	2010	2009	2008
Revenues:												
Participation fees	3,875,029	-	-	2,475,963	-	-	3,075,419	-	-	3,875,029	2,475,963	3,075,419
Interest on loans & notes receivables	134,448	94,242	60,845	112,392	-	48,445	266,310	-	50,476	289,535	160,837	316,786
Rental income	3,025	166,770	-	25,008	-	-	25,008	-	-	169,795	25,008	25,008
Contractual income	69,782	-	-	77,210	-	-	75,990	-	-	69,782	77,210	75,990
Administrative services revenue	-	30,000	-	-	-	-	-	-	-	30,000	-	-
Parking garage income	-	2,599,226	-	-	3,080,901	-	-	3,623,164	-	2,599,226	3,080,901	3,623,164
DREAM revenue	924,639	-	-	873,330	-	-	809,894	-	-	924,639	873,330	809,894
Other income	201,899	-	2,604	43,362	-	-	278,596	-	33,132	204,503	43,362	311,728
Non-operating revenues:												
Interest on cash & investments	292,588	7,043	7,000	1,078,514	45,969	7,309	2,355,576	156,541	21,609	306,631	1,131,792	2,533,726
Total revenues	5,501,410	2,897,281	70,449	4,685,779	3,126,870	55,754	6,886,793	3,779,705	105,217	8,469,140	7,868,403	10,771,715
Expenses:												
Personnel	809,289	-	-	786,596	-	-	658,415	-	-	809,289	786,596	658,415
Professional fees	158,719	2,339	22,427	396,713	93,455	-	155,086	-	-	183,485	490,168	155,086
Depreciation & amortization	34,740	1,198,341	-	85,435	1,194,208	-	86,666	1,405,543	-	1,233,081	1,279,643	1,492,209
Parking garage operating expenses	-	1,020,824	-	-	1,032,951	-	-	1,348,926	-	1,020,824	1,032,951	1,348,926
DREAM Expense	1,663,518	-	-	1,856,262	-	-	1,501,079	-	-	1,663,518	1,856,262	1,501,079
Other expenses	219,974	7,021	16,116	250,998	3,096	80,001	302,604	3,003	-	243,111	334,095	305,607
Non-operating expenses:												
Bond expense and interest expense	-	510,815	-	-	878,092	-	-	1,442,892	-	510,815	878,092	1,442,892
Research and development expense	-	35,350	-	-	-	-	-	-	-	35,350	-	-
Contributions to others	-	-	-	500,000	1,100,000	-	950,000	9,763,892	-	-	1,600,000	10,713,892
Total Expenses	2,886,240	2,774,690	38,543	3,876,004	4,301,802	80,001	3,653,850	13,964,256	-	5,699,473	8,257,807	17,618,106
Adjustment to Allowance for Notes Receivable	-	-	-	6,114,405	-	-	-	-	-	-	6,114,405	-
Income (loss) before interfund	2,615,170	122,591	31,906	6,924,180	(1,174,932)	(24,247)	3,232,943	(10,184,551)	105,217	2,769,667	5,725,001	(6,846,391)
Contributed revenue	-	10,000,000	-	-	-	-	-	-	-	10,000,000	-	-
Interfund transfers	(21,362,050)	21,362,050	-	(2,342,764)	342,764	2,000,000	-	-		-	-	-
Net assets, beginning of year	45,981,837	24,342,312	4,609,074	41,400,421	25,174,480	2,633,321	38,167,478	35,359,031	2,528,104	74,933,223	69,208,222	76,054,613
Net assets, end of year	27,234,957	55,826,953	4,640,980	45,981,837	24,342,312	4,609,074	41,400,421	25,174,480	2,633,321	87,702,890	74,933,223	69,208,222

- Participation fees increased $1,399,066 (57%) in the current fiscal year. The increase is due to higher tax credit for contribution and BUILD participation fees offset by a reduced volume of bond issuances. Participation fees decreased $599,456 (19.4%) in fiscal year 2009. The decrease is due to lower tax credit for contribution fee income offset by an increased volume of bond issuances. Participation fees increased in fiscal year 2008 by $472,402 (18.1%). In fiscal year 2008, the increase was due to increased fees from the tax credit for contribution program.

- Interest on loans and notes receivable increased by $128,698 (80%) due to new loans funded in fiscal year 2010, including the new loan to provide financing for the Seventh Street Garage, a loan to the LCRA, as well as loans extended through the Small Business Loan Program (see Note 4). Interest on loan and notes receivable decreased in 2009 by $155,949 (49.23%) due to lower loan receivable balances as a result of prior years' payoffs. Interest on loans and notes receivable decreased in 2008 by $115,629 (26.7%) due to the payoff of the Heer's and Plattsburg loans.

- Parking garage income is down $481,675 (15.63%) due to reductions in the number of the month-to-month parking spaces with the State of Missouri's Office of Administration. Also, in fiscal year 2009 parking garage operating revenue was down $542,263 (14.97%) in comparison to 2008 due to decreased income from special events and due to the sale of the Kansas City Library Garage in late fiscal year 2008. Parking garage operating revenue increased in 2008 $743,314 (25.8%) in comparison to 2007. The increase in 2008 was due to the opening in 2007 of the Ninth Street Garage in downtown St. Louis.

- Contributed revenue for fiscal year 2010 was $10 million due to the U.S. Bank contribution for the Seventh Street Garage project. No contributed revenue was received in fiscal years 2009 and 2008.

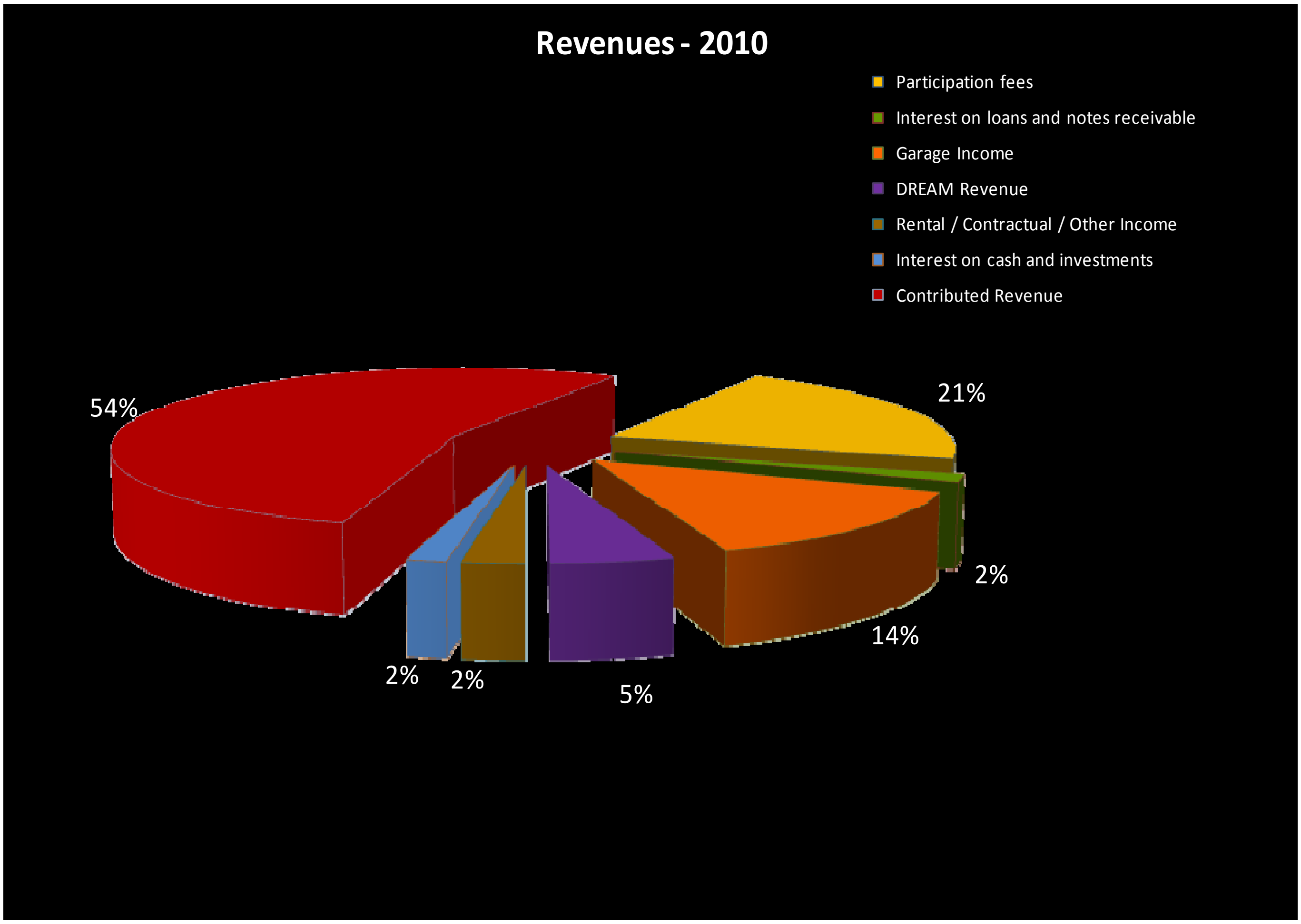
- Interest income on cash and investments decreased $825,161 (72.91%), $1,401,934 (55.33%), and $538,357 (17.5%) for the fiscal years 2010, 2009 and 2008, respectively. The decrease in 2010, 2009 and 2008 is due to economic downturn, which drove interest rates down, as well as smaller balances on-hand for tax credit projects. For fiscal years 2010, 2009 and 2008, the Board's average interest rate on cash and investments was approximately 0.98%, 2.59%, and 4.51% respectively.

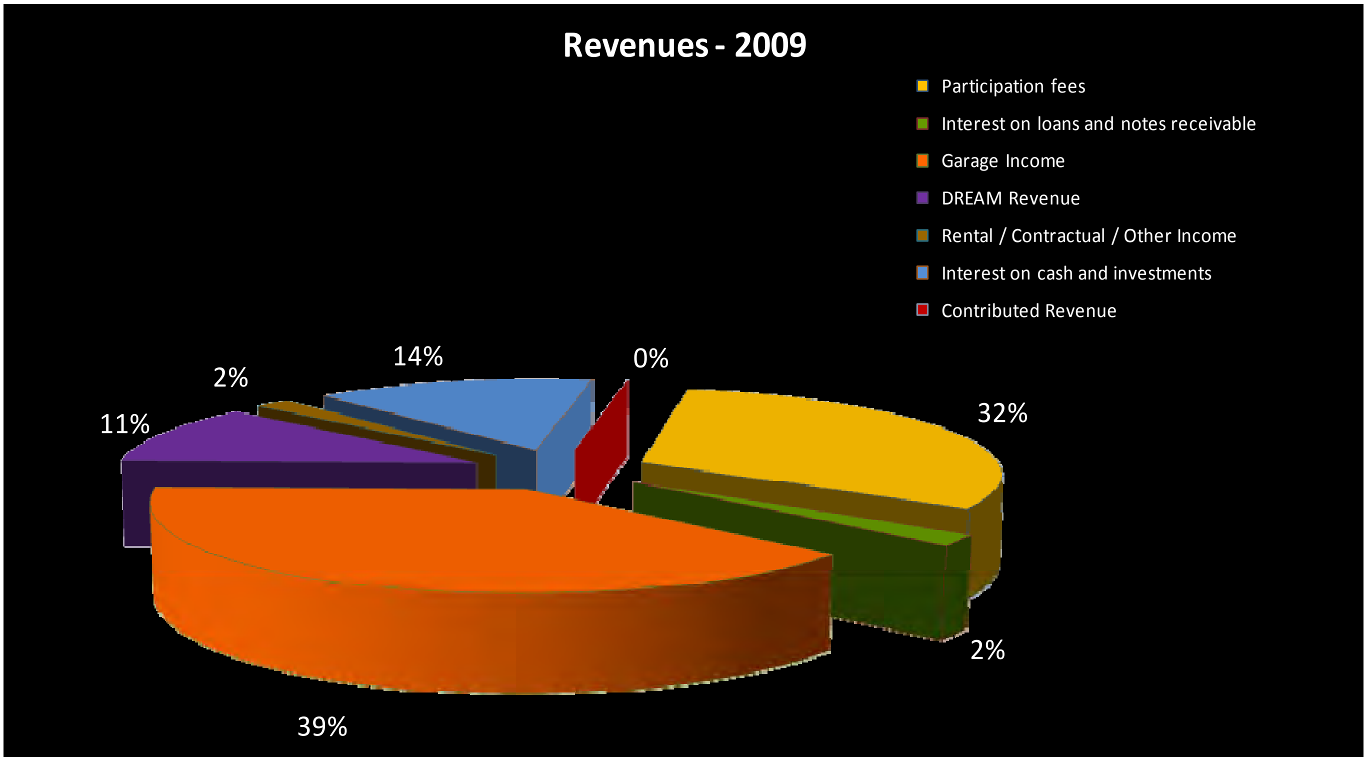
- There were several interfund transfers, totaling $21,362,050, from the Industrial Development & Reserve Fund (IDRF) to the Parking Garage Fund (PGF) during fiscal year 2010. The Board transferred the $5 million dollar LCRA loan to the PGF due to its relationship to the Seventh Street Garage (SSG) Project. The Board transferred an additional $5 million in cash to be further loaned to cover SSG construction costs as well as $4.5 million in cash to establish a debt service reserve fund. An additional $6.862 million in investments were transferred to meet additional debt reserve requirements in relationship to the bonds that were purchased by Pulaski Bank. There were two interfund transfers in fiscal year 2009. The first was for $342,764 from the IDRF to the PGF. This money was used with the garage funds to pay down a total of $1 million in debt for the 2004A series bond. The second interfund transfer was to the Revolving Loan Fund (RLF) for $2 million to fund the new Small Business Loan Program, as established in the Governor's Executive Order 09-03 in fiscal year 2009. There were no interfund transfers during fiscal year 2008.

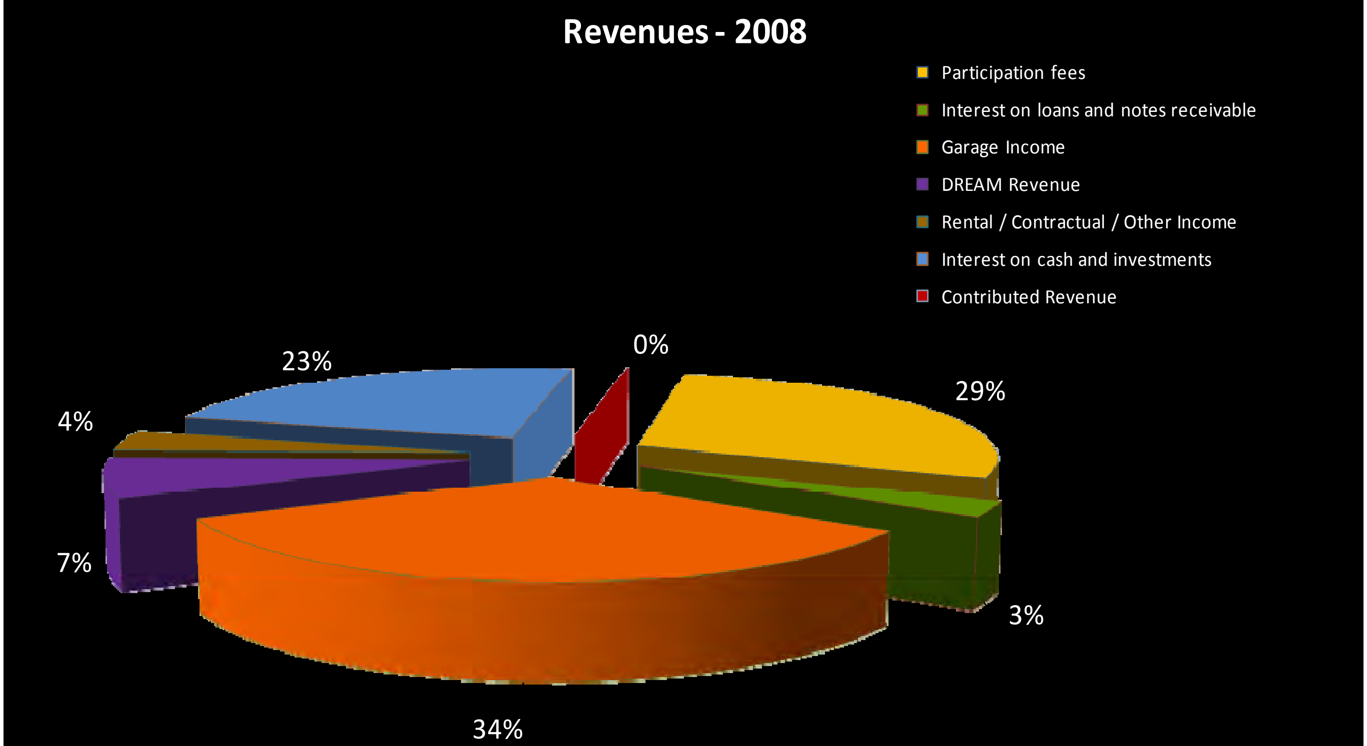
- In fiscal year 2010, operating expenses decreased $626,407 (196.74%). These decreases are due to reduced professional fees of $306,683 (62.57%) due to approval of fewer tax credit for contribution projects than in previous years, decreased DREAM expenses of $192,744 (10.38%) due to timing differences to close out funding for some communities, and a decrease in other expenses of $90,984 (27.23%).

- In fiscal year 2009, operating expenses increased $318,393 (5.8%). There were increases in operating expenses including an increase in professional fees of $335,082 (216%), DREAM expenses of $355,183 (23.66%), and personnel expenses $128,181 (19.47%). Personnel expenses increased due to the fact that new staff hired in fiscal year 2008 were receiving full salary and benefits for the entire fiscal year, along with the modest increases in insurance coverage. Professional fees increased due to pension plan research. DREAM expenses increased because of the additional 10 communities selected in 2008 for a total of 30 communities' expenses. These increases were offset by decreases in depreciation and amortization $212,566 (14.25%) and parking garage operating expenses $315,975 (23.42%).

- In fiscal year 2008, operating expenses increased $1,558,975 (40%) primarily due to an increase in DREAM expenses of $1,005,767 (203%). DREAM expenses increased due to the inclusion of both 2006 and 2007 communities' expenses. There were other increases in operating expenses including depreciation and amortization of $467,678 (46%) and an increase in parking garage operating expenses of $233,553 (21%). These increases were offset by moderate decreases in personnel expenses of $38,938 (5.9%), supplies and other of $35,652 (25%), bad debt expense of $32,877 (24%), and miscellaneous expense of $46,169 (70%).




Revenues - 2009
Participation fees
Interest on loans and notes receivable
Garage Income
DREAM Revenue
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue
14%
0%
2%
11%
32%
2%
39%


Revenues - 2008
Participation fees
Interest on loans and notes receivable
Garage Income
DREAM Revenue
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue
0%
23%
29%
4%
7%
3%
34%

Capital Assets

MDFB

The Board's investment in capital assets for its business type activities as of June 30, 2010 is $48,526,382, net of depreciation. This is a decrease of $2,393,379 from fiscal year 2009. The Board's investment in capital assets for its business type activities as of June 30, 2009 amounts to $50,919,761, net of depreciation. This is a decrease from 2008 to 2009 of $1,251,895. The Board's investment in capital assets as of June 30, 2008 was $52,171,656. This investment in capital assets includes land, buildings, and equipment. The change in the Board's investment in capital assets for fiscal years 2010, 2009 and 2008 was (4.7%), (2.4%) and (16%), respectively.

The reduction of capital assets during 2010 is due to the sale of the United Way building in downtown Kansas City. There were no major capital assets purchased or retired during fiscal year 2009. The major capital asset event in the 2008 fiscal year was the donation of the KCLG to the Kansas City Urban Public Library District.

Missouri Development Finance Board's Capital Assets
(net of depreciation)

	2010	2009	2008
Land	$ 7,219,739	$ 7,219,739	$ 7,219,739
Building	41,227,094	43,613,311	44,859,270
Equipment	36,875	45,386	39,264
Leasehold improvements	25,537	31,205	36,874
Vehicle	3,729	10,120	16,509
Accounting software	13,408	-	-
Total	$ 48,526,382	$ 50,919,761	$ 52,171,656

Additional information on the Board's capital assets can be found in Note 6 to the financial statements.

SSGPPC

As discussed, the Board created the SSGPPC with the primary purpose of obtaining financing to construct and subsequently operate a 750-space parking garage to be located at 601 Locust Street in St. Louis, Missouri. During fiscal year 2010, SSGPPC incurred costs of $11,990,526 for the upfront capital lease payment and construction costs towards the leasehold improvements thus increasing the reporting entity's overall investment in capital assets. See Note 15 for details of lease payment. No depreciation will be recorded until after the garage is constructed and placed into service.

Long-Term Debt

MDFB

For the fiscal year ended 2010, the Board's total bond debt outstanding was $39,605,000. During fiscal year 2010, a $9,000,000 bond was issued and $245,000 was paid on an existing bond issuance. As discussed above, the $9,000,000 in bond funds were used along with other funds available to extend indirect financing to the SSGPPC. At the end of fiscal year 2009, the Board had total bond debt outstanding of $30,850,000. During fiscal year 2009, $240,000 was paid towards the normal debt service schedule and an additional $760,000 was paid in advance towards this debt. In the prior fiscal year 2008, the Board had total bond debt outstanding of $31,850,000.

None of this amount comprises debt backed by the full faith and credit of the State of Missouri.

Missouri Development Finance Board's Outstanding Debt

	2010	2009	2008
Outstanding bond debt	$ 39,605,000	$ 30,850,000	$ 31,850,000

Additional information on the Board's bond debt can be found in Note 9 to the financial statements.

SSGPPC

During fiscal year 2010, SSGPPC acquired financing from three unrelated CDEs in the amount of $29,840,934. These notes are secured by leasehold deeds of trust, security agreements, assignments of rents and leases, and fixture filings between SSGPPC as grantor and the CDEs as grantees. The notes bear interest at 0.92% annually with final maturity on December 31, 2040. See Note 9 for repayment schedule.

Future Endeavors

MDFB will continue to assist small communities in their downtown redevelopment efforts through the DREAM Program. Selected communities receive hands-on assistance and planning over the course of three years. The ten 2006 DREAM communities assisted were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington and West Plains. Involvement in these first communities has declined due to the expiration of the Board's three-year commitment to this group. Involvement is scheduled to unwind completely during fiscal year 2011.

MDFB intends to disburse the remaining $849,841 in Small Business Loan funds to qualifying Small Businesses.

MDFB will work with the City of Springfield in its efforts to redevelop the Heer's Building. The Heer's is a seven-story, 121,467 gross square foot building originally built in 1915 as a retail department store. The building anchors the northwest part of the downtown square. A developer plans to redevelop the Heer's into 63 market-rate residential apartment units and approximately 33,000 rentable square feet of commercial space on the street level and mezzanine. The redevelopment of this historic building is the last piece of the puzzle in the City's downtown redevelopment efforts. The Board will assist this $29 million project by loaning $1 million to the City of Springfield which will be combined with other funds and loaned to the developer. The Board also intends to provide a state historic tax bridge loan not to exceed $5 million. In order to extend the tax credit bridge loan, the Board intends to borrow funds to be backed by MDFB bond guarantee tax credits. Such financing is consistent with financing structures of similar projects in the past. Board participation remains subject to final approval of all other sources of funds, completion of all loan and investment documents, and final Board review and approval.

The Board will continue monitoring the progress of tax credit for contribution projects with funds available. Such projects include: Center for Emerging Technologies, Center of Research, Technology and Entrepreneurial Expertise, Neosho Downtown, Crowder College MARET Center, Missouri Farm Bureau, Midwest Research Institute, Warsaw Downtown, Donald Danforth Plant Science Center Nidus Project, Maryville Downtown, Downtown Hermann, Sedalia Downtown, Columbia Downtown Streetscape Project, Hermann German School Museum, Metropolitan Community College Penn Valley and St. Louis Public Library.

The Board, working through the Seventh Street Garage Public Parking Corporation, will complete the Seventh Street Garage during fiscal year 2011 and place it into service.

Requests for Information

This financial report is designed to provide a general overview of the Missouri Development Finance Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Missouri Development Finance Board, Controller, P. O. Box 567, 200 Madison, Suite 1000, Jefferson City, Missouri 65102.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
ASSETS					
Current assets:					
Cash	$ 7,428,658	$ -	$ 2,437,372	$ 9,866,030	$ -
Investments	8,276,541	-	-	8,276,541	-
Current portion of loans and notes receivable	51,936	-	247,682	299,618	-
Accrued interest on investments	19,423	26,633	-	46,056	-
Accrued interest on loans and notes receivable	-	22,126	23,658	45,784	-
Prepaid expense and other assets	41,493	345,413	-	386,906	942,730
Total current assets	15,818,051	394,172	2,708,712	18,920,935	942,730
Noncurrent assets:					
Restricted assets	1,500,000	18,330,204	-	19,830,204	20,795,906
Restricted assets - tax credit project accounts	4,913,850	-	-	4,913,850	-
Long-term portion of loans and notes receivable	10,228,331	29,000,000	1,934,389	41,162,720	-
Capital assets:					-
Assets not being depreciated	-	7,219,739	-	7,219,739	11,990,526
Assets being depreciated, net	58,780	41,247,862	-	41,306,642	-
Intangible assets:					
Assets not being amortized	-	70,480	-	70,480	-
Assets being amortized, net	-	193,917	-	193,917	-
Total noncurrent assets	16,700,961	96,062,202	1,934,389	114,697,552	32,786,432
Total assets	$ 32,519,012	$ 96,456,374	$ 4,643,101	$ 133,618,487	$ 33,729,162
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 370,205	$ 41,472	$ 2,121	$ 413,798	$ 2,938,656
Accrued bond interest payable	-	40,219	-	40,219	22,878
Current portion of long-term debt payable	-	255,000	-	255,000	-
Total current liabilities	370,205	336,691	2,121	709,017	2,961,534
Noncurrent liabilities:					
Long-term debt	-	39,350,000	-	39,350,000	29,840,934
Payable from restricted assets:					
Tax credit for contribution and other deposits	4,913,850	-	-	4,913,850	-
Deferred revenue	-	942,730	-	942,730	1,000,000
Total noncurrent liabilities	4,913,850	40,292,730	-	45,206,580	30,840,934
Total liabilities	5,284,055	40,629,421	2,121	45,915,597	33,802,468
NET ASSETS					
Invested in capital assets, net of related debt	58,780	17,862,601	-	17,921,381	-
Restricted:					
Second loss reserves	1,500,000	-	-	1,500,000	-
Program accounts	4,913,850	18,330,204	-	23,244,054	-
Unrestricted	20,762,327	19,634,148	4,640,980	45,037,455	(73,306)
Total net assets	27,234,957	55,826,953	4,640,980	87,702,890	(73,306)
Total liabilities and net assets	$ 32,519,012	$ 96,456,374	$ 4,643,101	$ 133,618,487	$ 33,729,162

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 5,903,581	$ 2,838,999	$ 1,103,979	$ 9,846,559
Investments	29,083,427	2,504,309	-	31,587,736
Due from other funds	-	-	2,000,000	2,000,000
Current portion of loans and notes receivable	179,916	-	158,804	338,720
Accrued interest on investments	128,246	389	-	128,635
Accrued interest on loans and notes receivable	7,447	-	20,519	27,966
Prepaid expense and other assets	218,097	45,139	-	263,236
Total current assets	35,520,714	5,388,836	3,283,302	44,192,852
Noncurrent assets:				
Restricted assets	1,500,000	1,301,632	-	2,801,632
Restricted assets - tax credit projects	7,630,167	-	-	7,630,167
Long-term portion of loans and notes receivable	10,542,469	-	1,325,772	11,868,241
Capital assets:				
Assets not being depreciated	-	7,219,739	-	7,219,739
Assets being depreciated, net	1,269,734	42,430,288	-	43,700,022
Total noncurrent assets	20,942,370	50,951,659	1,325,772	73,219,801
Total assets	$ 56,463,084	$ 56,340,495	$ 4,609,074	$ 117,412,653
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 851,080	$ 1,134,325	$ -	$ 1,985,405
Due to other funds	2,000,000	-	-	2,000,000
Accrued bond interest payable	-	13,858	-	13,858
Current portion of long-term debt payable	-	240,000	-	240,000
Total current liabilities	2,851,080	1,388,183	-	4,239,263
Noncurrent liabilities:				
Long-term debt	-	30,610,000	-	30,610,000
Payable from restricted assets:				
Tax credit for contribution and other deposits	7,630,167	-	-	7,630,167
Total noncurrent liabilities	7,630,167	30,610,000	-	38,240,167
Total liabilities	10,481,247	31,998,183	-	42,479,430
NET ASSETS				
Invested in capital assets, net of related debt	1,269,734	18,800,027	-	20,069,761
Restricted:				
Second loss reserves	1,500,000	-	-	1,500,000
Program accounts	7,630,167	1,301,632	-	8,931,799
Unrestricted	35,581,936	4,240,653	4,609,074	44,431,663
Total net assets	45,981,837	24,342,312	4,609,074	74,933,223
Total liabilities and net assets	$ 56,463,084	$ 56,340,495	$ 4,609,074	$ 117,412,653

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
OPERATING REVENUES:					
Participation fees	$ 3,875,029	$ -	$ -	$ 3,875,029	$ -
Interest income on loans and notes receivable	134,448	94,242	60,845	289,535	-
Rental income	3,025	166,770	-	169,795	-
Contractual income	69,782	-	-	69,782	-
DREAM revenue	924,639	-	-	924,639	-
Other income	201,899	-	2,604	204,503	-
Administrative services revenue	-	30,000	-	30,000	-
Parking garage revenues	-	2,599,226	-	2,599,226	-
Total operating revenues	5,208,822	2,890,238	63,449	8,162,509	-
OPERATING EXPENSES:					
Personnel services	809,289	-	-	809,289	-
Professional fees	158,719	2,339	22,427	183,485	50,000
Administrative services agreement	-	-	-	-	30,000
Travel	58,387	950	-	59,337	-
Supplies and other	113,590	497	2,065	116,152	-
Depreciation and amortization	34,740	1,198,341	-	1,233,081	-
Parking garage operating expenses	-	1,020,824	-	1,020,824	-
DREAM expense	1,663,518	-	-	1,663,518	-
Miscellaneous	47,997	5,574	14,051	67,622	20
Total operating expenses	2,886,240	2,228,525	38,543	5,153,308	80,020
Operating income (loss)	2,322,582	661,713	24,906	3,009,201	(80,020)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	292,588	7,043	7,000	306,631	6,714
Bond interest expense	-	(157,074)	-	(157,074)	-
Bond expense	-	(353,741)	-	(353,741)	-
Research and development expense	-	(35,350)	-	(35,350)	-
Total non-operating revenue (expense)	292,588	(539,122)	7,000	(239,534)	6,714
Income (loss) before interfund transfers and contributed revenue	2,615,170	122,591	31,906	2,769,667	(73,306)
CONTRIBUTED REVENUE	-	10,000,000	-	10,000,000	-
INTERFUND TRANSFERS	(21,362,050)	21,362,050	-	-	-
Change in net assets	(18,746,880)	31,484,641	31,906	12,769,667	(73,306)
Total net assets - beginning	45,981,837	24,342,312	4,609,074	74,933,223	-
Total net assets - ending	$ 27,234,957	$ 55,826,953	$ 4,640,980	$ 87,702,890	$ (73,306)

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
OPERATING REVENUES:				
Participation fees	$ 2,475,963	$ -	$ -	$ 2,475,963
Interest income on loans and notes receivable	112,392	-	48,445	160,837
Rental income	25,008	-	-	25,008
Contractual income	77,210	-	-	77,210
DREAM revenue	873,330	-	-	873,330
Other income	43,362	-	-	43,362
Parking garage revenues	-	3,080,901	-	3,080,901
Total operating revenues	3,607,265	3,080,901	48,445	6,736,611
OPERATING EXPENSES:				
Personnel services	786,596	-	-	786,596
Professional fees	396,713	93,455	-	490,168
Travel	67,536	-	-	67,536
Supplies and other	113,348	-	-	113,348
Depreciation and amortization	85,435	1,194,208	-	1,279,643
Parking garage operating expenses	-	1,032,951	-	1,032,951
DREAM expense	1,856,262	-	-	1,856,262
Bad debt expense	-	-	80,001	80,001
Miscellaneous	70,114	3,096	-	73,210
Total operating expenses	3,376,004	2,323,710	80,001	5,779,715
Operating income (loss) before adjustment to allowance for notes receivable	231,261	757,191	(31,556)	956,896
Adjustment to allowance for loan losses	6,114,405	-	-	6,114,405
Operating income (loss)	6,345,666	757,191	(31,556)	7,071,301
NON-OPERATING REVENUE (EXPENSE):				
Interest on cash and investments	1,078,514	45,969	7,309	1,131,792
Bond interest expense	-	(517,121)	-	(517,121)
Bond expense	-	(360,971)	-	(360,971)
Contributions to others (as restated)	(500,000)	(1,100,000)	-	(1,600,000)
Total non-operating revenue (expense)	578,514	(1,932,123)	7,309	(1,346,300)
Income (loss) before interfund transfers	6,924,180	(1,174,932)	(24,247)	5,725,001
INTERFUND TRANSFERS	(2,342,764)	342,764	2,000,000	-
Change in net assets	4,581,416	(832,168)	1,975,753	5,725,001
Total net assets - beginning (as restated)	41,400,421	25,174,480	2,633,321	69,208,222
Total net assets - ending	$ 45,981,837	$ 24,342,312	$ 4,609,074	$ 74,933,223

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 3,042,556	$ 2,890,238	$ 245,981	$ 6,178,775	$ 1,000,000
Receipts for tax credit projects	70,054,775	-	-	70,054,775	-
Payments to suppliers and lessors	(2,518,007)	(668,188)	(36,421)	(3,222,616)	(1,022,750)
Payments to tax credit projects	(69,983,734)	-	-	(69,983,734)	-
Payments to employees	(809,289)	-	-	(809,289)	-
Disbursement of loan proceeds		-	(880,027)	(880,027)	-
Contributions to others		(1,100,000)	-	(1,100,000)	-
Net cash provided (used) by operating activities	(213,699)	1,122,050	(670,467)	237,884	(22,750)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans and notes receivable issued	-	(29,000,000)	-	(29,000,000)	-
Interfund transfers	(21,362,050)	21,362,050	-	-	-
Contributed revenue	-	10,000,000	-	10,000,000	-
Transfers to establish small business loan program	(2,000,000)	-	2,000,000	-	-
Net cash provided (used) by noncapital financing activities	(23,362,050)	2,362,050	2,000,000	(19,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt principal received	-	9,000,000	-	9,000,000	29,840,934
Long-term debt principal paid	-	(245,000)	-	(245,000)	-
Long-term debt expense and interest paid	-	(484,454)	-	(484,454)	(23,641)
Receipt of payment for building capital lease	-	5,463,913	-	5,463,913	(5,463,913)
Sale of building	1,200,000	-	-	1,200,000	-
Acquisition of buildings and equipment	(23,785)	(5,478,745)	-	(5,502,530)	(3,541,438)
Research and development	-	(35,350)	-	(35,350)	-
Net cash provided (used) by capital and related		-			
financing activities	1,176,215	8,220,364	-	9,396,579	20,811,942
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(26,263,210)	(2,507,954)	(1,000,000)	(29,771,164)	-
Maturities of investments	28,255,666	-	1,000,000	29,255,666	-
Interest on cash and investments	412,652	(17,582)	3,860	398,930	6,714
Net cash provided (used) by investing activities	2,405,108	(2,525,536)	3,860	(116,568)	6,714
Net increase (decrease) in cash and cash equivalents	(19,994,426)	9,178,928	1,333,393	(9,482,105)	20,795,906
Cash and cash equivalents - July 1	28,340,812	6,644,940	1,103,979	36,089,731	-
Cash and cash equivalents - June 30	$ 8,346,386	$ 15,823,868	$ 2,437,372	$ 26,607,626	$ 20,795,906
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 2,322,582	$ 661,713	$ 24,906	$ 3,009,201	$ (80,020)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	34,740	1,198,341	-	1,233,081	-
Change in fair value of hedging derivative	-	(316,520)	-	(316,520)	-
(Increase) decrease in accounts receivable and accrued receivables	178,976	-	-	178,976	-
Receipts of loan payments	643,167	-	183,662	826,829	-
Disbursement of loan proceeds	-	-	(880,027)	(880,027)	-
Increase (decrease) in allowance for bad debt	(201,049)	-	(1,130)	(202,179)	-
(Increase) decrease in accrued interest on loans and notes receivable	7,448	-	-	7,448	-
(Increase) decrease in prepaid expenses and other assets	(2,370)	(271,360)	-	(273,730)	(942,730)
Increase (decrease) in accounts payable and accrued liabilities	(480,875)	7,146	2,122	(471,607)	-
Increase (decrease) in tax credit for contribution deposits	(2,716,318)	-	-	(2,716,318)	-
Increase (decrease) in deferred charges	-	942,730	-	942,730	1,000,000
Contributions to others	-	(1,100,000)	-	(1,100,000)	-
Total adjustments	(2,536,281)	460,337	(695,373)	(2,771,317)	57,270
Net cash provided (used) by operating activities	$ (213,699)	$ 1,122,050	$ (670,467)	$ 237,884	$ (22,750)
Reconciliation of cash and cash equivalents to the statement of net assets					
Cash	$ 7,428,658	$ -	$ 2,437,372	$ 9,866,030	$ -
Restricted assets					
Second loss reserves	1,500,000	-	-	1,500,000	20,795,906
Program accounts	4,913,850	18,330,204	-	23,244,054	-
Less: Portion maturing in 90 days or more	(5,496,122)	(2,506,336)	-	(8,002,458)	-
Total cash and cash equivalents	$ 8,346,386	$ 15,823,868	$ 2,437,372	$ 26,607,626	$ 20,795,906
Non cash transaction					
Acquisition of real estate per assignment of note receivable	$ -	$ (8,752,300)	$ -	$ (8,752,300)	$ -
Lease of real estate in exchange for notes receivable	-	8,752,300	-	8,752,300	-
	$ -	$ -	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,164,420	$ 3,080,901	$ 43,092	$ 5,288,413
Receipts for tax credit projects	37,537,147	-	-	37,537,147
Payments to suppliers	(2,361,808)	(1,084,861)	-	(3,446,669)
Payments to tax credit projects	(49,612,325)	-	-	(49,612,325)
Payments to employees	(786,596)	-	-	(786,596)
Net cash provided (used) by operating activities	(13,059,162)	1,996,040	43,092	(11,020,030)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	324,866	-	150,265	475,131
Loans and notes receivable issued	(243,639)	-	(100,000)	(343,639)
Cash donations to others	(423,170)	-	-	(423,170)
Interfund transfers	(342,764)	342,764	-	-
Net cash provided (used) by noncapital financing activities	(684,707)	342,764	50,265	(291,678)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond principal paid	-	(1,000,000)	-	(1,000,000)
Bond expense and interest paid	-	(913,404)	-	(913,404)
Acquisition of buildings and equipment	(6,368)	(21,377)	-	(27,745)
Net cash provided (used) by capital and related financing activities	(6,368)	(1,934,781)	-	(1,941,149)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(27,249,418)	-	(500,075)	(27,749,493)
Maturities of investments	41,530,151	-	993,587	42,523,738
Interest on cash and investments	1,127,932	51,195	13,009	1,192,136
Net cash provided (used) by investing activities	15,408,665	51,195	506,521	15,966,381
Net increase in cash and cash equivalents	1,658,428	455,218	599,878	2,713,524
Cash and cash equivalents - July 1	26,682,384	6,189,722	504,101	33,376,207
Cash and cash equivalents - June 30	$ 28,340,812	$ 6,644,940	$ 1,103,979	$ 36,089,731
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 6,345,666	$ 757,191	$ (31,556)	$ 7,071,301
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	85,435	1,194,208	-	1,279,643
Adjustment to allowance for notes receivable	(6,114,405)	-	-	(6,114,405)
Increase (decrease) in allowance for bad debt	-	-	80,001	80,001
(Increase) decrease in accrued interest on loans and notes receivable	55,524	-	(5,353)	50,171
(Increase) decrease in prepaid expenses and other assets	(123,390)	10,316	-	(113,074)
Increase (decrease) in accounts payable and accrued liabilities	293,482	34,325	-	327,807
Increase (decrease) in tax credit for contribution deposits	(13,573,547)	-	-	(13,573,547)
Increase (decrease) in deferred charges	(27,927)	-	-	(27,927)
Total adjustments	(19,404,828)	1,238,849	74,648	(18,091,331)
Net cash provided (used) by operating activities	$ (13,059,162)	$ 1,996,040	$ 43,092	$ (11,020,030)
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 5,903,581	$ 2,838,999	$ 1,103,979	$ 9,846,559
Investments	29,083,427	2,504,309	-	31,587,736
Less: Portion maturing in 90 days or more	(14,267,395)	-	-	(14,267,395)
Less: Portion attributable to accrued interest	(8,968)	-	-	(8,968)
Restricted assets	9,130,167	1,301,632	-	10,431,799
Less: Portion maturing in 90 days or more	(1,500,000)	-	-	(1,500,000)
Total cash and cash equivalents	$ 28,340,812	$ 6,644,940	$ 1,103,979	$ 36,089,731
Non cash transaction				
Tax credit projects contributions and subsequent distributions of land	$ 440,000	$ -	$ -	$ 440,000

The notes to the financial statements are an integral part of this statement.

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), was created by Sections 100.250 to 100.297 of the Revised Statues of Missouri (RSMo), as a body corporate and politic of the State of Missouri within the Department of Economic Development. The Board is governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints eight of the Board members. The remaining four Board members are the Lieutenant Governor, Director of the Department of Economic Development, Director of the Department of Agriculture and Director of the Department of Natural Resources.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue bonds and notes, provide loans and loan guarantees, provide loans, loan guarantees and grants to political subdivisions to fund public infrastructure improvements, and to issue Missouri tax credits for approved projects. The Board also has other authorized powers under state statute, including the ability to acquire, own, improve and use real and personal property such as parking garages and buildings.

The Board has two discretely presented component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*:

The Seventh Street Garage Public Parking Corporation (SSGPPC) is an active discretely presented component unit of MDFB. MDFB is the sole member of SSGPPC, acting through a board of directors. Three Board members of the Missouri Development Finance Board serve as members for SSGPPC. SSGPPC is a 501 (c)(3) not-for-profit organization established for the primary purpose to serve as a qualified active low-income community business (QALICB) located in a low-income census tract in connection with the New Markets Tax Credits Program as defined in Section 45D of the Internal Revenue Code of 1986 (as amended). SSGPPC intends to renovate a portion of the St. Louis Centre into a 750-space parking garage.

The Board's other discretely presented component unit, the Missouri Community Investment Corporation (MCIC) is currently inactive. The Board members of the Missouri Development Finance Board and five additional members serve as the Board for MCIC. MCIC is a 501(c)(3) not-for-profit organization established for the primary purpose of serving as a qualified community development entity (CDE) providing investment capital for the benefit of Low-Income Communities and Low-Income Persons within the State of Missouri in connection with the New Markets Tax Credit program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. MCIC was inactive during fiscal year 2010 and 2009 and thus has been omitted from presentation in the financial statements.

For purposes of these financial statements, all references to MDFB or the Board represent the primary government and all references to SSGPPC represent the Board's discretely presented component unit.

(b) Basis of Presentation

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities as Enterprise Funds, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Board has three active and three inactive Enterprise Funds. Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. The Board's active funds are as follows:

- Industrial Development and Reserve Fund — The Industrial Development and Reserve Fund (IDRF) was established in 1982 by RSMo Section 100.260 (as amended). At inception, the Board was funded by appropriations from the State General Revenue Fund. However, currently the Board's primary source of funds is from other sources as specified by its statutes. Funds may be used to make eligible direct loans or may be pledged as loan, note, or bond guarantees. RSMo Sections 33.080 and 100.260 provide that if funds are appropriated by the general assembly for this fund, they shall not lapse and the balance shall not be transferred to the State General Revenue Fund. This fund also includes activity related to the Old Post Office (OPO) project, the DREAM Initiative and building leasing operations.

- Parking Garage Fund — The Parking Garage Fund (PGF) was established in 2003 by the Board to account for the construction and ongoing operations of its parking garages. The garages are as follows: St. Louis Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) supporting the OPO redevelopment project in St. Louis and the Seventh Street Garage (SSG) in St. Louis. The Board is the sole owner of these garages. SLCCHG was placed in service during 2003 and the NSG was placed in service in 2006. This fund also is used to account for the Board's obligations and interests in the SSG. The actual construction and operation of the SSG is reflected within SSGPPC.

- Revolving Loan Fund — The Revolving Loan Fund (RLF) consists of two revolving loan pools for two separate Board programs. The first revolving loan pool; for the MIDOC program, was established in 1988 by RSMo Section 100.263 (as amended) and was originally capitalized by a transfer of a State appropriation originally appropriated to the Missouri Infrastructure Development Opportunities Commission when the Commission's authority and responsibility was transferred to the MDFB; and from various other sources as specified by the Board's statutes. These funds may be used to make low-interest or interest-free loans, loan guarantees, or grants to local political subdivisions and state agencies. The second pool of funds was established in 2009, when the Board transferred $2 million from the Industrial Development and Reserve Fund into the revolving loan fund to establish the Small Business Loan Program. These loans are made to qualifying small businesses to fund capital and operating expenses. The MIDOC Program and the Small Business Loan Program operate out of separate fund accounts and are combined into the Revolving Loan Fund for reporting purposes only.

The inactive funds are the Industrial Development Guarantee Fund, Export Finance Fund, and the Jobs Now Fund.

(c) Method of Accounting

The economic resource measurement focus and the accrual basis of accounting are utilized for all Board funds. Revenues are recognized when earned and expenses are recorded when incurred.

Application fees and issuance fees are recognized as participation fees on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The Board recognizes revenue on application fees when received since the fees are due upon application and are nonrefundable. The Board recognizes revenue on issuance fees at the time of the issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to bond issuance are recognized when incurred, as there is no reasonable method of allocating the expenses to issuance revenues because of the previously mentioned uncertainties.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions received for tax credits on behalf of the Board's projects are recorded as contributed revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issued subsequent to November 30, 1989 are not applied.

(d) Cash and Cash Equivalents

Cash and cash equivalents for the combined statements of cash flows include cash, certificates of deposit and short-term investments with original maturities of ninety days or less.

(e) Investments

The Board has the power to invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivisions obligations with the two highest credit rating categories. Investments are carried at cost, which approximates fair value.

(f) Loans and Allowance for Loan Loss

Loans are stated at the amount of unpaid principal, adjusted by an allowance for loan losses. The Board's loans are made to not-for-profit entities, small businesses and political subdivisions. In many cases, the repayment terms and collateral, if any, are much less stringent than typical financial institution loans due to the nature of the Board's mission. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectability of loans, prior loan loss experience or when the net present value of estimated future cash flows on the loan or fair value of collateral is less than the recorded value of the loan (computed on a loan-by-loan basis).

(g) Capital Assets

MDFB and SSGPPC

Capital assets, which consist of land, building and equipment, are stated at cost. Contributions of capital assets are recorded at fair market value at the time received. Capital assets are defined by the Board as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Leasehold Improvements	10 years
Equipment	3 – 5 years

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. The Board had no capital construction projects in progress for the fiscal years ended June 30, 2010 and 2009. During fiscal year 2010, SSGPPC recorded capitalized interest in the amount of $46,519 in connection with the construction of the Seventh Street Garage.

(h) Compensated Absences

Under the terms of the Board's personnel policy, Board employees are granted vacation, personal days, sick and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, personal days and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation, personal days and compensatory hours are included as a current liability in the accompanying combined financial statements. The costs of sick leave are not accrued.

(i) Deferred Revenue

Deferred revenue is revenue that has not yet been earned, including rent received in advance and unearned income from capital leases.

(j) Long-Term Debt

For proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

(k) Net Assets

Equity is categorized in the Statement of Net Assets as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets consist of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, and then unrestricted net assets when they are needed. Unrestricted net assets consist of net assets not invested in capital assets that do not meet the definition of "restricted."

SSGPPC was created during the fiscal year ended June 30, 2010 and currently has a deficit in net assets. The Board anticipates this deficit will reduce once the garage commences operations.

(l) Classification of Operating, Non-operating and Contributed Revenue

The Board has classified its revenues as operating, non-operating or contributed revenues according to the following criteria:

Operating revenues — Include revenue sources related to the basic purpose of the Board and include interest income on loans, fees and charges for services.

Non-operating revenues — Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments.

Contributed revenues — Include revenue related to the contributions for tax credit program authorized under state statute received for Board-owned projects.

(m) Classification of Operating and Non-operating Expenses

The Board has classified its expenses as operating and non-operating according to the following criteria:

Operating expenses — Include expenses related to the basic purpose of the Board and include administrative expenses, costs associated with carrying out Board programs, depreciation and bad debt expenses.

Non-operating expenses — Include expenses related and unrelated to the basic purpose of the Board and may include expenses related to the basic purpose of the Board when such expenses are financial in nature such as bond and interest expenses.

(n) Participation Fees

The Board receives participation fees on certain direct loans, loan guarantees, bonds and tax credit contributions. Direct infrastructure loans are made to local governmental entities for public infrastructure needs. A $750 fee is assessed for the direct infrastructure loans to cover legal counsel costs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of $500 and a maximum of $2,500.

The issuance fee for private activity bonds is 0.3% and 0.25% for public activity bonds. Total fees on both types of issuances are not to exceed $75,000 for a single issue or multiple series under a single issue. For State Agency bonds, the issuance fee is on a scale ranging from 0.1% to 0.2%, not to exceed $75,000 for a single issue or multiple series under a single issue.

BUILD Missouri (Business Use Incentives for Large-Scale Development) application fees are $1,000 and non-refundable. The issuance fee is assessed as 2.5% of the bond principal with an annual fee of 0.5% of the principal portion outstanding at each anniversary date. The fee to cover legal counsel costs is 0.6% of bond principal with a minimum of $10,000, plus out-of-pocket expenses. Trustee fees including an acceptance fee of $850 and an annual administrative fee of $850 also is assessed.

Participation fees for the Tax Credit for Contribution Program are 4% of all contributions.

Credit check fees are collected in the amount of $15 per applicant for all Small Business Loans.

(o) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) and the Seventh Street Garage (SSG) (see Note 9), are conduit obligations. Conduit obligations are special, limited obligations of the Board and the assets of the Board are not pledged to secure such bonds. The borrower pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 16(f) to the financial statements for further information.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for loan losses; asset impairment; depreciable lives of capital assets and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

Accordingly, the accounting estimates used in the preparation of the Board's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Board's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Accordingly, actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

MDFB

As of June 30, 2010 and 2009, the Board had the following investments:

	2010		2009	
Investment type:	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
Money Market Funds	$ 2,237,673	n/a	$ 1,450,010	n/a
U.S. Treasuries	-	n/a	1,000,000	0.1250
U.S. Government Bonds	-	n/a	500,000	0.6167
U.S. Government Agency Discount Notes	24,218,854	0.5208	14,267,395	1.2009
Overnight Repurchase Agreements	5,830,459	0.0028	4,258,180	0.0028
Total Fair Value	$ 32,286,985		$ 21,475,585	

Interest rate risk — In accordance with its investment policy, the Board manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice eliminates exposure to declines in fair values.

Credit risk — The Board's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivision obligations with the two highest credit ratings issued by nationally recognized statistical rating organizations (NRSROs). Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. As of June 30, 2010 and 2009, all of the Board's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Board does not hold corporate bonds and does not participate in investment pools.

Concentration of credit risk — Due to the unusually conservative nature of the Board's investment policy, the Board is not at risk due to concentration.

Custodial credit risk – investments — For an investment, this is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. As of June 30, 2010 and 2009, there is no custodial credit risk for the Board's investments due to the Board's investment policy which prohibits obligations not fully secured.

Custodial credit risk – deposits — In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2010 and 2009, the Board's deposits were fully covered by FDIC insurance and government-backed securities.

As required by Missouri law, the depository banks pledge securities, in addition to the Federal Depository Insurance Corporation insurance, to equal or exceed the amount on deposit at all times.

As of June 30, 2010, securities with a total fair value of $17,927,801 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2009, securities with a total fair value of $41,317,841 are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2010 and 2009, the Board's deposits were collateralized as follows:

	2010	2009
Bank balance:		
Insured by the FDIC	$ 767,466	$ 3,791,172
Collateralized with securities pledged by the financial institutions	9,858,136	26,645,220
Amount not collateralized	-	-
Total deposits	$ 10,625,601	$ 30,436,392
Carrying value	$ 10,599,640	$ 30,377,618

The Board's total cash and investments as of June 30, 2010 and 2009 were as follows:

	2010	2009
U.S. government and agency securities from above	$ 32,286,985	$ 21,475,585
Cash deposits from above	10,599,640	30,377,618
Accrued interest not included above	46,056	141,526
Total cash and investments	$ 42,932,681	$ 51,994,729
As reflected on the statement of net assets:		
Cash	$ 9,866,030	$ 9,846,559
Investments	8,276,541	31,587,736
Accrued interest	46,056	128,635
Restricted assets	19,830,204	2,801,632
Restricted assets - tax credit project accounts	4,913,850	7,630,167
Total cash and investments	$ 42,932,681	$ 51,994,729

SSGPPC
As of June 30, 2010, SSGPPC had no investments.

As of June 30, 2010, securities with a total fair value of $22,533,035 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2009, securities with a total fair value of $0 were held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2010 and 2009, the deposits were collateralized as follows:

Bank balance:	2010	2009
Insured by the FDIC	$ 250,000	$ -
Collateralized with securities pledged by the financial institutions	20,545,906	-
Total deposits	$ 20,795,906	$ -
Carrying value	$ 20,795,906	$ -

3. INTERFUND ACTIVITY

a) Due To/From Other Funds

There were no due to and due from balances as of June 30, 2010.

During fiscal year 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 to create a small business loan pool of $2 million in funds. The Board capitalized this loan pool from the Industrial Development and Reserve Fund (IDRF) but will record program activity in the Revolving Loan Fund (RLF). Therefore, a transfer of $2 million was recorded between the two funds, which are shown as a due to and due from between funds on the Statement of Net Assets at June 30, 2009.

b) Interfund Transfers

In the year ended June 30, 2010, the Industrial Development and Reserve Fund (IDRF) transferred a total of $21,362,050 to the Parking Garage Fund (PGF). The Board transferred the $5 million LCRA loan to the parking garage fund due to this project's relationship to the Seventh Street Garage Project. The Board transferred an additional $5 million in cash to pay towards SSG construction costs as well as $4.5 million in cash to establish a debt service reserve fund. An additional $6.862 million in investments was transferred in order to meet bond debt reserve requirements.

In the year ended June 30, 2009, the IDRF transferred $342,764 to the PGF. This money was used with the garage funds to pay down a total of $1 million in debt for the 2004A series bond. The IDRF also transferred $2 million to the Revolving Loan Fund (RLF) to fund the new Small Business Loan Program, as described in Note 16(j).

4. LOANS, NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Direct loans through the Industrial Development and Reserve Fund (IDRF) represent loans to individual companies and political subdivisions in Missouri and are generally unsecured. Direct loans through the Revolving Loan Fund (RLF) represent three percent loans made from two pools of funds. One pool is for loans to local political subdivisions. The other pool is for qualified small businesses. Loans from the RLF are generally unsecured. Loans from the Parking Garage Fund (PGF) represent loans that relate to parking garage projects.

During fiscal year 2010, the Board loaned the St. Louis Centre Garage Investment Fund, LLC $24 million to assist with the Seventh Street Garage project (See Notes 6 and 12). The note matures January 31, 2041, is due in monthly payments of $22,125 (principal and interest), and bears interest at 1%. SSGPPC repays the loans to three CDEs from the parking garage revenues; the CDEs are required to pay a monthly income distribution consisting of interest income received from SSGPPC to the SLCGIF; and SLCGIF repays its note to MDFB.

The Board also loaned LCRA $5 million to assist with the redevelopment of the One City Center also related to the Seventh Street Garage project. The loan is secured by the full-faith and credit obligation of the LCRA and assignment of LCRA's interest in One City Center. It carries interest at 2.38% per annum from February 2, 2010 through December 1, 2010 and is adjusted annually each December 1 to a variable rate equal to the Applicable Interest Rate on each Adjustment Date. Final maturity is December 1, 2019.

For the fiscal year ended June 30, 2010 and 2009, the allowance for loan losses was $6,559,058 and $6,761,237 respectively.

During fiscal year 2010, the allowance for loan losses was adjusted due to the collection of an installment on the American Fish and Wildlife Museum Loan in the amount of $201,049 which was previously written off, as well as an adjustment in the allowance for loan losses on MIDOC loans receivable in the amount of $1,130. The loan payment from American Fish and Wildlife was recorded in other income. No allowance has been established in connection with the Parking Garage loans or the Small Business Loan Program.

During fiscal year 2009, the allowance for loan losses was adjusted from $12,795,642 down to $6,761,237. The largest adjustment was attributable to the re-evaluation of the Old Post Office (the OPO) loan. The new estimate was based upon current rent levels and conditions and resulted in a reduction of the allowance in the amount of $5,919,211. In addition, the Board collected an installment on the American Fish and Wildlife Museum Loan and recorded an offset of $195,194 in principal received. These decreases in the allowance were offset to operating income as *Adjustment to allowance for loan losses*. These decreases were offset by an increase in the allowance for loan losses on MIDOC loans receivable in the amount of $80,000, which was reflected as bad debt expense.

Loans and notes receivable at June 30, 2010 and 2009, was as follows:

	2010		2009	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 51,936	$16,618,519	$ 179,916	$17,133,706
Revolving Loan Fund	247,682	2,103,259	158,804	1,495,772
Parking Garage Fund	-	29,000,000	-	-
Total	299,618	47,721,778	338,720	18,629,478
Less: allowance for loan losses	-	6,559,058	-	6,761,237
Total loans and notes receivable, net	$ 299,618	$41,162,720	$ 338,720	$11,868,241

5. RESTRICTED ASSETS

MDFB

In June 1999, December 2003, and April 2004, the Board placed unrestricted Board funds of $500,000 into Second Loss Debt Service Reserve Funds for each of its three infrastructure bonds, for a total of $1,500,000.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of held contributions recorded as restricted cash with a corresponding liability.

For the years ended 2010 and 2009, the Ninth Street Garage construction and reserve deposits were held in order to satisfy a covenant with Bank of America to have a refinance reserve of no less than $200,000. For the year ended 2009, an additional $1,100,000 in funds was held in this account to be paid to SMI-NSG, LLC for tenant improvements to the Ninth Street Garage retail space (see Note 13).

In April 2010, the Board issued debt in the amount of $9 million to assist with the financing of the Seventh Street Garage project. Per the Bond Trust Indenture, the Board is required to hold $4.5 million in a debt service reserve fund at UMB, the trustee bank. As of June 30, 2010, the fair market value of the investments held in the debt service reserve fund was $4,496,316. In addition, per the Indenture, so long as the bonds are outstanding, MDFB is required to maintain unencumbered and unrestricted net assets in the form of cash and marketable securities in an amount, including any permitted investments in the debt service reserve fund, of not less than $17.5 million. As of June 30, 2010, the Board had $18,330,204 in total assets restricted in the Parking Garage Fund (PGF) to satisfy this requirement.

Restricted assets consist of the following as of June 30, 2010 and 2009:

	2010	2009
Infrastructure bond debt service reserve funds	$ 1,500,000	$ 1,500,000
Tax credit for contribution deposits (Note 8)	4,913,850	7,630,267
Total restricted assets – Industrial Development and Reserve Fund	$ 6,413,850	$ 9,130,267

	2010	2009
Ninth Street Garage reserve deposits (Note 9)	$ 201,623	$ 1,301,632
Seventh Street Garage debt service reserve fund	4,501,081	-
Additional garage reserve deposits	13,627,500	-
Total restricted assets – Parking Garage Fund	$ 18,330,204	$ 1,301,632

SSGPPC

In April 2010, the SSGPPC executed notes payable totaling $29,840,934 to the three CDEs to fund the construction of the Seventh Street Garage project (see Note 9). As of June 30, 2010, $18,944,611 remains on hand for the completion of the garage. The operating account balance is restricted to cover overhead expenses during construction. The Reserve Fund accounts were established to cover management and accounting fees associated with the New Markets Tax Credit program compliance.

	2010	2009
SSGPPC Operating Account	$ 701,269	$ -
SSGPPC Construction Funds	18,944,611	-
Reserve Funds	1,150,026	-
Total restricted assets – SSGPPC Fund	$ 20,795,906	$ -

6. CAPITAL ASSETS

MDFB

During August 1989, the Board received a $2.4 million contribution from a taxpayer to acquire and renovate a vacant, historic hotel building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a 20-year lease with the United Way of Kansas City (the "United Way") to rent the office space within the building upon completion of the renovation. The lease provided for monthly rental payments of $2,084 with an option to purchase the building at the end of the lease term (August 15, 2009) for $1.2 million. The lease was accounted for as an operating lease and the building and contribution was recorded as land and building and invested in capital assets. The United Way exercised their option to purchase the building in August 2009. The asset has been removed from the Board's books.

During 2000, the Board used a $6 million contribution from a taxpayer and $21.1 million in bond proceeds to purchase land and begin construction of the St. Louis Convention Center Hotel Garage (SLCCHG) adjacent to the St. Louis Convention Center Hotel. When the Parking Garage Fund (PGF) was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund (IDRF). The SLCCHG began operations during August 2002.

In April 2003, the Board used a $10 million contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. During 2004 and 2005, $18.8 million in additional funds was raised to fund the remainder of the projects. The first project, commonly referred to as the "Old Post Office Project" or the "OPO Project," consists of the acquisition and renovation of a historic structure in downtown St. Louis known as the U.S. Custom House and Old Post Office. The second project consists of the acquisition and demolition of the Century Building and the construction of a parking garage located to the west of the OPO Project. This project is known as the "Ninth Street Garage Project" or the "NSG Project." The OPO and NSG Projects are separate and distinct projects for purposes of financial reporting, but integrally linked for development and operational purposes.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis U.S. Custom House and Post Office Building Associates, LP; a Missouri limited partnership (OPO Master Lessee). In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,750,000 to assist in the financing of the OPO Project. The current balance is $12,723,755. Per the master lease agreement, costs previously recognized as construction in progress were reclassified to the loan balance outstanding. Pursuant to the OPO Master Lease, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee at the greater of the fair market value or the development debt outstanding beginning in 2014. Renovation of the OPO Project was completed in late 2006.

The NSG Project is owned by the Board and consists of the development and construction of a 1,050-space parking garage located on the west side of Ninth Street directly across from the OPO Project. The land was purchased in April 2003. The Board has entered into long-term parking leases with tenants of the OPO Project and with surrounding businesses and building owners. The NSG Project was completed in 2007.

In April 2010, the Board acquired title to the 601 Locust, formerly known as St. Louis Centre, via an assignment of purchase and sale agreement with the LCRA. Total consideration for the exchange was approximately $14.2 million. The Board executed two long-term capital leases: a "retail" lease and a "garage" lease (see Note 15). The lessee of the garage space is SSGPPC, a component unit of the Board. See SSGPPC section of this Note.

SSGPPC

As disclosed in Note 15, SSGPPC has a capital lease agreement with MDFB for certain property to be developed into a parking garage. The amount capitalized by SSGPPC as building was approximately $5.5 million but no depreciation accumulated as of June 30, 2010, as disclosed below.

SSGPPC's garage project qualifies for the Federal New Markets Tax Credit Program, which facilitated financing for the project. The garage project is part of a larger redevelopment project affecting adjoining office buildings in St. Louis. For the garage project, MDFB provided indirect funding in the form of a $24 million loan to St. Louis Centre Garage Investment Fund, LLC, an entity 100% owned by U.S. Bank Community Development Corporation (USBCDC). The proceeds of the MDFB loan were combined with New Markets Tax Credit qualified equity investments and provided as an equity investment to each of three non-related community development entities: National Development Council (NDC), Urban Development Fund (UDF) and St. Louis Development Council (SLDC). Total proceeds of $29,840,934 (see Note 5) were subsequently loaned to SSGPPC to provide direct financing for the garage project. In addition, SSGPPC received an upfront parking lease payment of $1 million from U.S. Bank, which is recorded as deferred revenue and also used to fund the project.

MDFB and SSGPPC have entered into a Turn-Key Development Agreement with MXG Developer LLC (MXG), to complete the garage renovation. The garage project is backed by an Indemnity Agreement with the LCRA as well as a Completion Guarantee Agreement with MXG.

During fiscal year 2010, SSGPPC began construction on the Seventh Street Garage. Construction is ongoing and is estimated to be completed in January 2011.

	Balance July 1, 2009	Additions	Deletions/ Retirements	Balance June 30, 2010
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 11,990,526	$ -	$11,990,526

A summary of capital assets at June 30, 2010 was as follows:

	Total Capital Assets
Construction in progress	$ 11,990,526
Less: accumulated depreciation	-
Total capital assets, net	$ 11,990,526

MDFB

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions/ Retirements	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	49,557,914	14,226,520	(16,616,213)	47,168,221
Equipment	148,384	13,686	-	162,070
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Software	-	14,626	-	14,626
Total capital assets, being depreciated	49,781,681	14,254,832	(16,616,213)	47,420,300
Less: accumulated depreciation for:				
Building	5,944,603	1,196,524	(1,200,000)	5,941,127
Equipment	102,998	22,197	-	125,195
Leasehold improvements	25,005	5,669	-	30,674
Vehicle	9,052	6,391	-	15,443
Software	-	1,218	-	1,218
Total accumulated depreciation	6,081,658	1,231,999	(1,200,000)	6,113,657
Total capital assets, being depreciated, net	43,700,023	13,022,833	(15,416,213)	41,306,643
Total capital assets, net	$ 50,919,762	$ 13,022,833	$(15,416,213)	$48,526,382

A summary of capital assets by fund at June 30, 2010 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	-	47,168,221	47,168,221
Equipment	111,385	50,685	162,070
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Software	14,626	-	14,626
Sub-total	201,394	54,438,645	54,640,039
Less: accumulated depreciation	(142,611)	(5,971,046)	(6,113,657)
Total capital assets, net	$ 58,783	$ 48,467,599	$ 48,526,382

MDFB

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions/ Retirements	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	49,557,914	-	-	49,557,914
Equipment	120,637	27,747	-	148,384
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Total capital assets, being depreciated	49,753,934	27,747	-	49,781,681
Less: accumulated depreciation for:				
Building	4,698,644	1,245,959	-	5,944,603
Equipment	81,374	21,624	-	102,998
Leasehold improvements	19,336	5,669	-	25,005
Vehicle	2,663	6,389	-	9,052
Total accumulated depreciation	4,802,017	1,279,641	-	6,081,658
Total capital assets, being depreciated, net	44,951,917	(1,251,894)	-	43,700,023
Total capital assets, net	$ 52,171,656	$ (1,251,894)	$ -	$ 50,919,762

A summary of capital assets by fund at June 30, 2009 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	2,400,000	47,157,914	49,557,914
Equipment	102,224	46,160	148,384
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Sub-total	2,577,607	54,423,813	57,001,420
Less: accumulated depreciation	(1,307,873)	(4,773,785)	(6,081,658)
Total capital assets, net	$ 1,269,734	$49,650,028	$ 50,919,762

7. INTANGIBLE ASSETS

Intangible assets are composed of the following as of June 30, 2010 and 2009:

	2010	2009
Not being amortized:		
Interest rate cap agreement		
Amount paid	$ 387,000	$ -
Adjustment to fair value	(316,520)	-
Fair value	70,480	-
Being amortized:		
Bond issuance costs	195,000	-
Accumulated amortization	(1,083)	-
Unamortized balance	193,917	-
Total Intangible Assets	$ 264,397	$ -

a) Interest rate cap agreement

In connection with the $9 million debt borrowed from Pulaski Bank (see Note 9), MDFB entered into an interest rate cap agreement with Morgan Stanley Capital Services, Inc. (credit rating of A) to cover a portion (2015-2020) of the period when the debt carries a variable interest rate. The agreement is intended to provide a cash flow hedge for the variable interest rate of the obligation. This agreement's notional amount is based on the amortized loan balance (starting at $8.4 million) with a cap rate of 5.264% and a floating rate of monthly LIBOR. The cost of the interest rate cap agreement was $387,000, and the estimated fair value at June 30, 2010, is $70,480. The fair value of the rate cap was estimated using a proprietary pricing service. MDFB has determined the hedge meets the criteria for effectiveness and has recorded the adjustment to fair value as a deferred outflow, which is included in prepaid expenses and other assets. Because this is the first year of the agreement, the change in fair value equals the balance sheet deferred outflow of $316,520.

Risks:

Credit risk — MDFB is exposed to credit risk on hedging derivative instruments that are in asset positions. MDFB currently does not have a policy regarding credit risk.

Interest rate risk — MDFB is not exposed to interest rate risk on its interest rate cap agreement.

Basis risk — MDFB is not exposed to basis risk on its rate cap hedging derivative instruments because the same variable-rate is used for both debt payments paid by MDFB and the interest rate cap agreement.

Termination risk — MDFB or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Rollover risk — MDFB is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Board will be re-exposed to the risks being hedged by the hedging derivative instrument.

b) Bond issuance costs

Costs incurred in issuing the $9 million bonds to Pulaski Bank are deferred and being amortized over the term of the bonds. Amortization expenses for the year ended June 30, 2010 was $1,083.

8. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution Program. During any calendar year, the Board can authorize up to $10 million in tax credits. The limitation on tax credit authorization may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter, by the Commissioner of the Office of Administration, the Director of the Department of Economic Development, and the Director of the Department of Revenue that such action is essential to ensure retention or attraction of investment in Missouri provided, however, that in no case shall more than $25 million in tax credits be authorized during such year. Prior to July 4, 2009, there was no cap on authorizations approved with the authority to exceed the $10 million calendar year cap. In addition, prior to the July 4, 2009 legislation, the Board was authorized to issue the greater of $10 million or five percent of the average growth in general revenue receipts in the preceding three fiscal years.

Through this program, the Board is authorized to grant tax credits in an amount equal to 50% of contributions accepted by the Board. Eligible infrastructure projects approved by the Board are granted the contributions. Contributions received by the Board are remitted to fund the project upon requests supported by proof of eligible reimbursable project expenditures or used to fund projects owned by the Board. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. As of June 30, 2010 and 2009, the Board held deposits received pursuant to the Tax Credit for Contribution Program of $4,913,850 and $7,630,167, respectively.

9. LONG-TERM DEBT

MDFB

Summary of debt held as of June 30, 2010 and 2009, was as follows:

	2010	2009
$3,910,000 St. Louis Convention Center Hotel Garage Series 2000B, taxable infrastructure facilities revenue bonds; and $11,440,000 St. Louis Convention Center Hotel Garage Series 2000C, tax exempt infrastructure facilities revenue bonds. Remaining principal is due December 1, 2021.	$15,350,000	$15,350,000
$8,255,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Annual installments began October 1, 2008 and will continue through October 1, 2034, plus interest up to 10%.	15,255,000	15,500,000
$9,000,000 Seventh Street Garage Series 2010, taxable infrastructure facilities revenue bonds. Monthly installments begin June 1, 2012. Fixed rate of 4.25% through April 30, 2015 variable rate through May 2020 not to exceed 5.264% pursuant to Rate Cap Agreement (See Note 7). Variable rate thereafter through May 2040.	9,000,000	-
Total	39,605,000	30,850,000
Less current portion	(255,000)	(245,000)
Long-term debt	$39,350,000	$30,605,000

Changes in outstanding bond debt for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Infrastructure facilities revenue bonds	$30,850,000	$9,000,000	$ 245,000	$ 39,605,000	$ 255,000

Changes in outstanding bond debt for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
Infrastructure facilities revenue bonds	$31,850,000	$ -	$1,000,000	$ 30,850,000	$ 245,000

St. Louis Convention Center Hotel Series 2000B and 2000C:

The annual debt service requirements as of June 30, 2010, was as follows:

	Principal	Interest	Total
2011	$ -	$ 49,350	$ 49,350
2012	-	49,350	49,350
2013	-	49,350	49,350
2014	-	49,350	49,350
2015	-	49,350	49,350
2016 - 2020	-	246,748	246,748
2021	15,350,000	49,350	15,547,398
Totals	$ 15,350,000	$ 542,846	$16,040,894

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 0.321% representing the interest rate at June 30, 2010. The actual interest paid during 2010 and 2009 averaged 0.342% and 1.996%, respectively. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation.

The bonds bear interest at a daily rate. When the bonds are in a daily rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

Ninth Street Garage Series 2004A and B:

The annual debt service requirements as of June 30, 2010, was as follows:

	Principal	Interest	Total
2011	$ 255,000	$ 58,275	$ 313,275
2012	270,000	57,226	327,226
2013	290,000	56,100	346,100
2014	310,000	54,895	364,895
2015	330,000	53,613	383,613
2016 - 2020	2,020,000	245,552	2,265,552
2021 - 2025	2,770,000	197,883	2,967,883
2026 - 2030	3,820,000	132,421	3,952,421
2031 - 2035	5,190,000	42,521	5,232,521
Totals	$15,255,000	$ 898,486	$ 16,153,486

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the reimbursement of the bank, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to the lesser of $10 million or 61% of the principal amount of the bonds until such time as the net cash flow from the project is a least 1.25 times debt service on the bonds for two consecutive years. Thereafter, the Board is required to maintain unrestricted cash balances and investments on its balance sheet of not less than $2 million. In addition, the Board must maintain a ratio of total adjusted liabilities to total net assets of 1.5:1. For the periods ended June 30, 2010 and 2009, the Board was in compliance with said covenants. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation.

The annual debt service schedule above assumes an interest rate of 0.389% representing the interest rate as of June 30, 2010. The actual interest paid during 2010 and 2009 averaged 0.353% and 1.765% respectively.

The bonds bear interest at a daily rate. When the bonds are in a daily rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

Seventh Street Garage Series 2010A:

The annual debt service requirements as of June 30, 2010, was as follows:

	Principal	Interest	Total
2011	$ -	$ 382,500	$ 382,500
2012	14,000	382,500	396,500
2013	172,000	378,611	550,611
2014	180,000	371,089	551,089
2015	189,000	363,311	552,311
2016 - 2020	1,068,000	1,687,133	2,755,133
2021 - 2025	1,320,000	1,434,577	2,754,577
2026 - 2030	1,635,000	1,122,450	2,757,450
2031 - 2035	2,018,000	736,479	2,754,479
2036 - 2040	2,404,000	259,679	2,663,679
Totals	$9,000,000	$7,118,329	$16,118,329

The bonds are set for monthly mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the bank, the Board was required to fund the Debt Service Reserve to be held by the Trustee Bank in the amount of $4.5 million and so long as the Bonds are outstanding, MDFB is required to maintain, unencumbered and unrestricted net assets in the form of cash and marketable securities including the amount in the Debt Service Reserve Fund, of not less than $17.5 million. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation.

During the period beginning April 30, 2010, through April 30, 2015, the bonds bear interest at 4.25% annually. During the period May 1, 2015 through maturity, the bonds carry a variable rate of interest. MDFB has the option to select from three variable interest rates prior to each interest rate period: a monthly term rate equal to LIBOR (not less than 3%), an annual term rate (one-year US Treasury Rate plus 2.5% but not less than 3%), or a five-year fixed term rate (5-year Treasury rate plus 2.5% but not less than 4.25%). For the period beginning May 2015 and ending May 2020, the rate paid by MDFB will not exceed 5.264% pursuant to a rate cap agreement with Morgan Stanley Capital Services, Inc. (see Note 7).

SSGPPC

Summary of debt held as of June 30, 2010 and 2009, was as follows:

	2010	2009
$3,424,425 NDC New Markets Investment LVII, LLC (NDC) Loan A note payable; $4,424,779 NDC Loan B note payable; and $2,192,642 NDC Loan C note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	$10,041,846	$ -
$4,314,775 Urban Development Fund IX, LLC (UDF) Loan A-1 note payable; $5,575,221 UDF Loan B-1 note payable; and $1,909,092 UDF Loan C-1 note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	11,799,088	-
$6,260,800 St. Louis New Markets Tax Credit Fund-XI, LLC (SLDC) Loan A-2 note payable; and $1,739,200 SLDC Loan C-2 note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	8,000,000	-
Total	$29,840,934	$ -

The annual debt service requirements as of June 30, 2010, was as follows:

	Principal	Interest	Total
2011	$ -	$ 274,537	$ 274,537
2012	-	274,537	274,537
2013	-	274,537	274,537
2014	-	274,537	274,537
2015	-	274,537	274,537
2016 - 2020	851,816	1,367,625	2,219,441
2021 - 2025	5,339,209	1,235,631	6,574,840
2026 - 2030	6,658,119	965,539	7,623,658
2031 - 2035	8,209,141	630,458	8,839,599
2036 - 2040	8,782,649	219,959	9,002,608
Totals	$29,840,934	$ 5,791,896	$ 35,632,830

10. DEFERRED REVENUE

MDFB

In April 2010, SSGPPC paid MDFB Base Rent of $6,406,643 under a capital lease agreement (see Note 6). MDFB has recorded deferred revenue in the amount of $942,730 due to the difference between the minimum lease payment and the estimated fair market value of the building ($5,463,913). MDFB will amortize the difference over the life of the lease obligation.

SSGPPC

In April 2010, U.S. Bank prepaid rent of $1 million. The prepayment is reflected in deferred revenue and will be amortized over the life of the lease.

11. RENTAL INCOME

Future minimum rental income on non-cancelable operating leases was as follows:

	Parking Garage Fund	Seventh Street Garage Public Parking Corporation
2011	$ 1,356,462	$ 514,350
2012	1,356,462	1,145,700
2013	1,185,462	1,203,525
2014	1,185,462	1,322,850
2015-2019	5,828,760	7,480,575
2020-2024	4,640,000	7,731,000
2025-2029	4,190,410	8,029,500
2030-2034	3,333,910	8,371,500
2035-2039	3,333,910	8,742,000
2040-2044	3,333,910	3,593,700
2045-2048	2,267,427	-
Totals	$32,012,175	$48,134,700

MDFB

The Industrial Development and Reserve Fund (IDRF) building located in downtown Kansas City was leased by the United Way of Greater Kansas City. As of June 30, 2009, the carrying value of the building was $2.4 million and accumulated depreciation was $1.2 million. The lease expires August 15, 2009. The United Way exercised its option to purchase the building in August 2009. The asset has been removed from MDFB's financial statements.

The Parking Garage Fund's SLCCHG parking garage is an 880-space garage constructed by the Board to support the St. Louis Convention Center Hotel project in downtown St. Louis. The carrying value of the garage is $21,913,825, less accumulated depreciation of $3,405,320 and $2,975,174 as of June 30, 2010 and 2009, respectively. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is $554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of $25,000. The initial lease is for 19 years from the date that the Merchandise Mart received its occupancy certificate, September 19, 2001. There is a renewal option for an additional 11 years if the Merchandise Mart pays a $50,000 renewal fee on August 2, 2021. Finally, the Roberts Old School House Lofts, LP (Roberts) has a lease for 75 spaces in this garage with annual lease payments of $112,500 with an expiration date of December 1, 2014 and renewable for five consecutive 5-year periods on each expiration date. Both the Merchandise Mart and Roberts leases call for parking rates to be the same as those paid by the general public for monthly parking.

The Parking Garage Fund's NSG parking garage is a 1,050-space garage constructed by the Board to support the renovation of the Old Post Office project and redevelopment of adjacent vacant buildings in downtown St. Louis. The carrying value of the garage is $32,474,135, less accumulated depreciation of $2,535,807 and $1,779,428 as of June 30, 2010 and 2009, respectively. Leases have been negotiated with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction (which was assigned to Paul Brown Developer, LP), Talley Properties, LLC, and tenants of the Syndicate Building. Entities controlled by the Roberts Brothers have leases in place, but are not currently parking in the facility or making payments. The estimated minimum lease payments for all parking lessees at the Ninth Street Garage (NSG) total $477,480 per year with expiration dates from 2011 through 2047. In fiscal year 2010, the Office of Administration for the State of Missouri reduced its parking spaces in NSG from 513 to 186. The Office of Administration is on a month-to-month basis, taking 186 spaces and pays $191,340 per year.

Under a lease dated November 26, 2008, the Board leased the 20,800 square feet of retail space in the NSG to SMI-NSG, LLC, an affiliate of Schnuck Markets, Inc. and DESCO. The lessee operates an urban concept grocery store, Culinaria, and pays annual rent of $187,200. The lease is on a triple net basis. The term of the lease is 10 years with six 5-year renewal options. The Board also entered into a Parking Validation Agreement that provides store customers with free parking for one hour from 9-5 on weekdays and two hours at all other times, and a provision for free employee parking for up to 336 hours per day. In August 2009, the Board funded SMI-NSG, LLC $1.1 million of remaining NSG bond funds for tenant improvements.

SSGPPC

Construction on the 750-space Seventh Street Garage is anticipated to be completed in January 2011. The SSGPPC has executed two parking leases to become effective with written notice to the tenants that the leased parking units are available for use.

The first lease SSGPPC signed is a parking lease agreement with U.S. Bank, NA which will lease 400 or 475 parking units (as determined at the end of the first lease year). The term of the lease is for 30 years and there are two 10-year renewal options. The parking rent is the greater of $125 per month, the market rate, or the monthly contract rate as defined in the agreement but never less than the amount in effect for the prior year. Lease payments are payable on the first of each month. The rent will be determined annually at least 30 days preceding the effective date and each anniversary date of the effective date. In addition to the base rent described above, the tenant paid supplemental rent of $1 million (see Note 10) which will be recorded as deferred revenue and amortized over the term of the lease.

In addition to the lease with U.S. Bank, SSGPPC also leases parking spaces to 600 Washington, LLC. The lease covers a total of 240 parking spaces (85 reserved and 155 unreserved) at initiation of lease, increasing by 15 additional unreserved spaces up to 475 units. Monthly rent is $155 per reserved space and $130 per unreserved space adjusted $5 every two years during the lease term. However, monthly rent can be adjusted based on market rent. The term of the lease is for 30 years and there are two 10-year renewal options.

12. CONTRIBUTED REVENUE

In April 2010, the Board received a donation in the amount of $10 million from U.S. Bank, NA. In consideration of the donation, the Board granted Contribution Tax Credits in the amount of $5 million. The $10 million contribution was combined with the $9 million Board bond proceeds as well as $5 million from the Board's unrestricted net assets to fund a loan to the St. Louis Centre Garage Investment Fund, LLC to assist with the financing of the Seventh Street Garage project (see Note 6).

13. CONTRIBUTIONS TO OTHERS

There is no activity for fiscal year 2010.

As stated in Note 11, during fiscal year 2009, the Board approved funding of $1.1 million to SMI-NSG, LLC for tenant improvements. During fiscal year 2009, the Board sponsored the Tour of Missouri Bicycle Race and approved $500,000 in funds for this annual event.

14. PRIOR PERIOD ADJUSTMENT

As stated above in Note 13, during fiscal year 2009 the Board approved funding of $1.1 million to SMI-NSG, LLC for tenant improvements. At fiscal year end June 30, 2009, the obligation to fund these tenant improvements was improperly reflected as a contribution of the Industrial Development and Reserve Fund (IDRF) when it should have been recorded in the Parking Garage Fund (PGF). As a result, the financial statements for the year ended June 30, 2009, were corrected as follows:

	Industrial Development and Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Total
Contributions to others			
As originally reported	$ (1,600,000)	$ -	$ (1,600,000)
Prior period adjustment	1,100,000	(1,100,000)	-
As restated	$ (500,000)	$ (1,100,000)	$ (1,600,000)
Ending net assets			
As originally reported	$ 44,881,837	$ 25,442,312	$ 70,324,149
Prior period adjustment	1,100,000	(1,100,000)	-
As restated	$ 45,981,837	$ 24,342,312	$ 70,324,149

15. LEASE AGREEMENTS

(a) 601 Locust Street St. Louis, Missouri

MDFB purchased the entire real estate and building commonly known as St. Louis Centre (601 Locust Street in St. Louis) for approximately $14.2 million from St. Louis Centre Building, LLC via an Assignment of Purchase and Sale Agreement with the Land Clearance for Redevelopment Authority of the City of St. Louis (LCRA). This is a 4-story building that meets the qualifications for the Federal New Markets Tax Credits Program. See further information in Note 6.

MDFB, in turn, immediately leased most of Floor 2 and Floors 3-4 to SSGPPC for a term of 75 years (expiring in 2085) and a one-time lease payment of approximately $6.4 million and leased Floor 1 and the remainder of Floor 2 to Mercantile Exchange, Inc. (MEI), an unrelated entity, for a term of 100 years (expiring in 2110) and a one-time lease payment of approximately $8.8 million. The leases are treated by MDFB as capital leases for accounting purposes and as a sale for income tax purposes.

MDFB classified its leases with SSGPPC and MEI as direct financing leases. MDFB received the minimum lease payments of approximately $14.2 million upfront and will not receive any further lease payments. As a result, MDFB recorded a net investment in direct financing leases of $0 and unearned income of $942,730, with accumulated amortization of $0 as of June 30, 2010, included in deferred revenue (see Note 10). The unearned revenue will be amortized over the terms of the leases.

Garage Lease — SSGPPC

SSGPPC paid MDFB base rent of approximately $6.4 million in a lump sum upfront payment at lease inception. No further lease payments are required, although SSGPPC is required to pay costs of maintenance, operation, and repair of the property. Of the total amount, approximately $5.5 million was capitalized as building and the difference was recorded as prepaid lease expense to be amortized over the life of the lease.

The lease to SSGPPC incorporates the garage redevelopment project also known as the Seventh Street Garage, which consists of the renovation of four levels of the existing building including three levels of parking for approximately 750 vehicles and partial renovation of the retail and loading dock areas on level 1. SSGPPC and MDFB are responsible for the development of the garage; SSGPPC will own the leasehold improvements upon completion. At the end of the lease term, MDFB will take ownership of the completed garage. See further information in Note 6.

Retail Lease — MEI

MEI paid MDFB base rent of approximately $8.8 million in a lump sum upfront payment at lease inception through the assignment of a promissory note from the subtenant MX Retail, LLC (MXR). MDFB assigned this promissory note without recourse to the seller of the property in order to cover a portion of the cost to acquire the property. No further lease payments are required, although MEI is required to pay costs of maintenance, operation, and repair of the retail portion of the property. MEI' s subtenant is developing the leased floors into retail space, and the completion of the retail space is the responsibility of MEI. Neither MDFB nor SSGPPC are involved in the retail development.

At the end of the lease, MEI will deliver possession back to MDFB, unless MEI causes the building to be converted into two or more condominium units (one for the garage and one for the retail space) and exercises its option to purchase the retail space for $100,000. MEI must meet certain conditions in order to exercise this option.

MEI subleased the retail space to MXR for 75 years. MXR does not have an option to purchase or renew the lease. Rent under the sublease is approximately $8.8 million for which MXR provided MEI with the note receivable as an upfront payment of the amounts due under the lease. This note receivable bears interest at 1%, compounded annually through the maturity date, and is added to balance of outstanding principal. The note, including any unpaid interest, is due and payable on the sooner of on demand or December 31, 2015. The note is secured by a Leasehold Deed of Trust, Security Agreement and Fixture Filing. The sublease does not directly impact MDFB.

(b) Office Lease Obligation

In October 2004, the Board entered into a lease with Hotel Governor of Jefferson City, LLP, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with a term of 10 years. The Board has capitalized related tenant improvements in the amount of $56,211. During fiscal years 2010 and 2009, rent of $56,729 and $55,077 was paid, respectively.

Future minimum lease payments for this lease are as follows:

2011	$ 58,431
2012	60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 260,533

(c) Copier Lease Obligation

In December 2007 and February 2010, the Board entered into a copier lease and a color copier lease, respectively, with Gibbs Technology Leasing, LLC. The leases are accounted for as operating leases. The term of each lease is four years.

Future minimum lease payments for these leases are as follows:

	Copier	Color Copier
2011	$ 4,464	$ 2,490
2012	2,232	2,490
2013	-	2,490
2014	-	1,452
Total minimum lease obligation	$ 6,696	$ 8,922

(d) KC Overhaul Base Lease

In December 2004, the Board accepted a contribution from the EDC Loan Corporation (EDC), a not-for-profit organization, consisting of an assignment of a 50-year leasehold interest in the Kansas City Overhaul Base located adjacent to the Kansas City International Airport (the Overhaul Base). This leasehold interest was originally held by the City of Kansas City (the "City") and then was contributed to EDC, a related organization of the City, by the City.

EDC's contribution to the Board of the leasehold interest was valued by two independent appraisers at the lowest value of $32 million. In return, the Board issued a total of $16 million in contribution tax credits to EDC. These tax credits were sold by EDC at the direction of the Board to independent parties. The tax credits were sold by EDC as follows: $5,333,333 on March 3, 2005; $5,333,333, on July 2, 2005; and $5,333,334 on June 30, 2006. The Board paid the proceeds from the tax credit sales to the City to be used by the City for payment of a bond issued by the City for the renovation of the Overhaul Base.

In addition, the City and the Board entered into an assumption agreement as of December 31, 2004, with the City assuming all responsibility and liability relating to ownership, management and operations of the Overhaul Base. As a result of this assumption of the leasehold interest by the City, the Board has no assets or liabilities related to the leasehold interest recorded in its financial statements.

The renovation of the Overhaul Base was required by a private business as consideration to enter into a long-term lease to occupy the facility. Due to unforeseen circumstances, the original tenant arrangement did not reach its full potential and the City returned to the Board in March 2010 to request that $6.2 million in remaining proceeds from the sale of the tax credits be used to help outfit the base to allow the City to enter into a lease with a new tenant. The request was approved.

(e) State of Missouri Acting By and Through Its Office of Administration

In November 2005 and May 2006, the Board issued Series 2005 and 2006 Leasehold Revenue Bonds for the benefit of the State of Missouri Office Buildings Project. With the proceeds of the bonds, the Board purchased four office buildings, which it then leased on a net basis, to the State of Missouri through its Office of Administration (OA) for the term of the debt, 25 years, subject to annual state appropriation of lease payments needed to retire the fixed rate, level amortization bonds. The Board transferred its interests in the lease agreement and security interest in the buildings to the bond trustee through a trust indenture.

Bond payments are to be paid exclusively from rent revenues received. In addition, payment of the bonds is insured by a municipal bond new issue insurance policy. The bonds do not constitute a debt or liability of the Board.

Upon request, the State has the option to purchase the buildings. Furthermore, once bonds are paid in full, ownership defers to the lessee. The State retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

(f) MasterCard International Incorporated Facility Lease

In 1999, the Board issued bonds for $154 million to fund construction of approximately 414,000 square feet of office space and an 114,000 square foot data and energy center on 52 acres in O'Fallon. In order for MasterCard to qualify for tax abatement, the Board took title to the property which it leased to the O'Fallon Public Facilities Authority (Authority). The Authority used the proceeds of the bond issue to build and equip the MasterCard project, and then leased the building to MCI O'Fallon 1999 Trust (Trust), which further subleased to MasterCard. In 2008, MasterCard exercised its option to refund the bonds. The Board issued $160 million in conduit debt to facilitate the refunding. The refunding eliminated the Authority and the Trust and resulted in the Board leasing to MasterCard directly.

Bond payments and related interest are to be paid exclusively from rent and other revenues from the lease agreement. Such payments, revenues and receipts are pledged and assigned to the bond trustee as security for the payment of the bonds as provided in the Bond Indenture. The bonds do not constitute a debt or liability of the Board.

Upon request, MasterCard has the option to purchase the buildings. Furthermore, once bonds are paid in full, MasterCard can purchase the facility for $10. Generally, MasterCard retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

16. COMMITMENTS AND CONTINGENCIES

(a) Administrative Services Agreement

In April 2010, the Board entered into an Administrative Services Agreement with the SSGPPC (a component unit of the Board). Because SSGPPC does not have employees of its own, it has agreed to pay MDFB $30,000 annually to cover the costs associated with managing and maintaining adequate records on its behalf.

(b) City of Independence Line of Credit

In March 2009, the Board authorized a Direct Loan with the City of Independence (City) not to exceed $1.5 million in order to fund several small capital projects throughout the City. The loan was structured as a line of credit to allow the City to draw proceeds as project costs were incurred. The ability to draw additional funds expired June 30, 2010. The balance outstanding as of June 30, 2010 and 2009 was $105,318 and $162,885, respectively.

(c) Irrevocable Line of Credit

As of January 13, 2006, the Board has issued an irrevocable line of credit in favor of the Missouri Department of Natural Resources (DNR) and the United States of America acting through the Chief, Base Realignment and Closure Division Office of the Assistant Chief of Staff for Installation Management Headquarters, Department of the Army (Army), a line of credit in an amount not to exceed $1.8 million, at the request and for the account of St. Louis Land Clearance for Redevelopment Authority (LCRA).

The line of credit expires January 13, 2012; however, the expiration date may be automatically extended for a period of one year on each successive expiration date, unless, 120 days before the current expiration date, the Board or the Army notifies DNR the decision has been made not to extend the line of credit beyond the current expiration date. The line of credit bears interest at prime rate and interest payments are due on the first business day of the month with the principal due on January 13, 2012.

As of fiscal year ended June 30, 2010 and 2009, there have been no draws on the line of credit and the outstanding balance is $0.

(d) Ninth Street Garage Letter of Credit

On October 1, 2004, in connection with the construction of the Ninth Street Garage, the Board established a letter of credit with Bank of America in the amount of $16,658,220. The purpose of the letter of credit is to reduce interest costs on the bonds and to induce the purchase of the bonds. Beginning October 6, 2007, the letter of credit automatically renews for four additional 1-year periods (each such 1-year period constituting a "Renewal Term," with the final such Renewal Term terminating October 5, 2011) unless the Board shall no later than 90 days before the then current Expiration Date provide written notice to the Credit Bank and the Trustee of its decision not to extend the letter of credit. Beginning October 6, 2011, the letter of credit automatically renews for additional renewal terms unless the Credit Bank or the Board shall no later than 90 days before the then current expiration date provide written notice to the other and to the trustee of its decision not to extend the letter of credit. The final Renewal Term shall terminate no later than October 5, 2034.

(e) St. Louis Convention Center Hotel Community Improvement District and Transportation Development District

In November 2009, the Board approved a resolution to participate in the St. Louis Convention Center Hotel Community Improvement District (CID) and the St. Louis Convention Center Hotel Transportation Development District (TDD). The CID and TDD will each levy a 1% sales tax. The additional sales tax will be retained by the Renaissance Grand Hotel and Suites, who will utilize the funds to partially cover their parking lease obligation to MDFB for spaces in the St. Louis Convention Center Hotel Garage. Such payment will assist the parking garage's operations and maintenance.

(f) Conduit Bond Issues

As of June 30, 2010, the Board has issued $1,283,637,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,703,965,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2010, were approximately $715,420,378, $0, and $817,448,000, respectively.

As of June 30, 2009, the Board has issued $1,237,242,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,667,600,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2009, were approximately $560,590,127, $0, and $814,896,000, respectively.

The Board has no liability for repayment of the above revenue bonds and notes aside from reserve fund deposits; accordingly, these bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes and in certain cases, insurance, letters of credit, annual appropriation pledges and certain funds held through trustees under the various indentures.

(g) Legal Matters — Old Post Office Litigation

On April 19, 2005, the Board (and certain other plaintiffs) filed an action against two individuals (the plaintiffs in two prior lawsuits, which have been dismissed) relating to the demolition of the Century Building to make room for construction of the Ninth Street Garage and renovation of the Old Post Office. The lawsuit alleges that the plaintiffs filed their lawsuits in bad faith with malicious intent. See Note 18 for subsequent event. As of June 30, 2010, no counterclaims have been asserted against the Board or the other defendants.

(h) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Board carries commercial insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Convention Center Hotel and Ninth Street parking garages. The Board is self-insured for all other risks of loss.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. No substantive changes were made in the type and amounts of the Board's insurance coverage during 2010 and 2009.

(i) DREAM Commitments

In August 2006, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. Through June 30, 2010, 35 communities have been selected to receive technical assistance and services to support them in their downtown redevelopment efforts. The Board has contracted with Peckham Guyton Albers & Viets, Inc. to assist in the redevelopment process of the selected communities. Each community is to receive technical assistance over the course of three years. Costs of services over the next three fiscal years are estimated at \$3.7 million. During the fiscal years ended June 30, 2010 and 2009, the Board spent approximately \$1.7 million and \$1.9 million towards the program. In fiscal years 2010 and 2009, MHDC contributed \$500,000 and \$500,000, respectively.

(j) Small Business Loan Program

In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 (E.O.) shortly after assuming office. This E.O. directed the DED to work with the Board "to create a pool of funds designated for low-interest and no-interest direct loans for small businesses." Related announcements from Governor Nixon recommended this pool of funds be capitalized by a \$2 million grant from the Board. In April 2009, the Board approved funding the \$2 million program. During the fiscal year ended June 30, 2010 the Board loaned more than \$880,000 to 40 small businesses across the State of Missouri. The Board continues to work with DED to loan the remaining funds. The Small Business Loan Program is reflected in the Revolving Loan Fund (RLF).

(k) Construction Commitment

In April 2010, MDFB and its component unit SSGPPC entered into a Turn-Key Development Agreement with MXG to redevelop a portion of the St. Louis Centre Building on floors two through four into an approximately 750-space parking garage. The "Guaranteed Maximum Price" contract of the work to be completed was originally \$22,499,586. The original amount was later reduced by \$429,000 due to an approved change order. The required completion date is January 15, 2011. As of June 30, 2010, \$5,810,453 has been disbursed to the developer to fund construction costs. Accounts payable and Retainage payable as of June 30, 2010 is \$2,716,607 and \$222,049, respectively.

(l) Indemnity Agreement

In connection with the Seventh Street Garage Project, MDFB and SSGPPC entered into a project indemnity agreement with the LCRA and MXG. As part of the agreement, MDFB paid LCRA \$417,785 and LCRA agreed to pay all New Markets Tax Credit consulting fees and expenses. Additionally, LCRA agreed to cover excess costs in the event of changes in New Markets Tax Credit compliance or as a result of recapture. Finally, LCRA also agreed to cover unforeseen costs associated with fees, taxes, permits, litigation or costs to unwind the New Markets Tax Credit financing plan.

17. EMPLOYEES' RETIREMENT PLAN

(a) Defined Contribution Pension Plan

In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which is currently administered by Prudential Investments. The Board has the authority to amend or terminate the plan's provisions at any time. Contributions are discretionary and determined on an annual basis by the Board. There are no contribution requirements for employees.

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three of five consecutive calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed $62,981 and $51,773 for the years ended June 30, 2010 and 2009, respectively. For the years ended June 30, 2010 and 2009, the contributions amounted to 12.75% and 12.53% of the eligible employees' salaries, respectively.

(b) Deferred Compensation Plan

In 2002, the Board established a deferred compensation plan called the Missouri Development Finance Board 457 Deferred Compensation Plan (457 plan) and the deferred compensation match plan called the MDFB 401(a) Deferred Compensation Match Plan (401(a) plan), which are currently administered by Nationwide Retirement Solutions, Inc.

The plans permit employees to defer a portion of their salary until future years. Employees are eligible to participate in the plans after one year of service to the Board and must contribute $35 per month to receive the employer matching contribution of $35 per month. Compensation deferred under the plan is invested at the direction of the covered employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

18. SUBSEQUENT EVENTS

On July 22, 2010, the Court granted the Board's motion for summary judgment of the cases as described in Note 15 stating that plaintiffs lacked probable cause to file their first two lawsuits against the Board. A trial is scheduled for October 2010 on the remaining issues of whether plaintiffs filed their lawsuits against the Board with malice and the amount of damages sustained by the Board as a result of the first two lawsuits.

In September 2010, the Board along with the Department of Economic Development and the Missouri Housing Development Commission selected five additional communities to receive assistance under the DREAM program. The communities designated were: Cassville, Jackson, Monett, Ozark and Waynesville.

STATISTICAL SECTION

MDFB

STATISTICAL SECTION (UNAUDITED)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health. The Board is a discretely presented component unit of the State of Missouri as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Based on GASB 14, some of the accompanying statistical section segments will include references to the State of Missouri. Such segments will be noted as such. All other information is to be deemed as attributable to the Board, and do not reflect the financial position and results of operations of the State.

Contents **Page**

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

These schedules contain information to help the reader assess the factors affecting the Board's ability to generate its own source income.

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place. Due to the fact that the Board was established to serve the State of Missouri, and is a component unit as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, demographic and economic information for the State of Missouri will be presented in this section.

These schedules contain information about the Board's operations and resources to help the reader understand how the Boards' financial information relates to the services the Board provides and the activities it performs.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF NET ASSETS BY COMPONENT
FISCAL YEARS 2003 to 2010

	2010		2009		2008		2007		2006		2005		2004		2003	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Investment in capital assets, net of related debt	$17,921,381	20.43%	$ 20,069,761	26.78%	$20,321,656	29.36%	$30,561,762	40.18%	$19,317,590	27.07%	$ 9,493,788	13.66%	$20,034,676	34.89%	$ 7,018,010	13.99%
Restricted-expendable	24,744,054	28.21%	10,431,799	13.92%	5,794,847	8.37%	6,846,459	9.00%	19,377,826	27.16%	35,785,144	51.50%	7,766,352	13.52%	11,382,872	22.70%
Unrestricted	45,037,455	51.35%	44,431,663	59.30%	43,091,719	62.26%	38,646,392	50.81%	32,654,645	45.77%	24,209,068	34.84%	29,624,972	51.59%	31,750,078	63.31%
	$87,702,890	100.00%	$ 74,933,223	100.00%	$69,208,222	100.00%	$76,054,613	100.00%	$71,350,061	100.00%	$69,488,000	100.00%	$57,426,000	100.00%	$50,150,960	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY FUNCTION,
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Operating expenses								
Personnel	$ 809,289	$ 786,596	$ 658,415	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional fees	183,485	490,168	155,086	161,182	56,754	544,589	102,686	217,156
Travel	59,337	67,536	70,355	58,646	59,265	70,375	35,881	68,610
Supplies and other	116,152	113,348	109,176	144,828	110,242	222,613	125,957	66,837
Depreciation and amortization	1,233,081	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Parking garage operating expense	1,020,824	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
DREAM expense	1,663,518	1,856,262	1,501,079	495,312	-	-	-	-
Bad debt and miscellaneous	[1] 67,622	[2] 153,211	[3] 126,076	[4] 205,122	[5] 3,527,826	[6] 9,492,203	21,094	29,934
Total operating expenses	5,153,308	5,779,715	5,461,322	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses								
Interest and bond expense	510,815	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Research and development expense	35,350	-	-	-	-	-	-	-
Contributions to others	-	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	546,165	2,478,092	12,156,785	936,157	733,823	550,946	459,897	342,231
Total expenses	$ 5,699,473	$ 8,257,807	$ 17,618,107	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $0

[2] Includes bad debt expense of $80,001

[3] Includes bad debt expense of $105,929

[4] Includes bad debt expense of $138,806

[5] Includes bad debt expense of $3,498,074

[6] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY, FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Operating expenses								
Program administration	$ 2,831,781	$ 3,313,910	$ 2,494,111	$ 1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking garage operating expense	1,020,824	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
Depreciation and amortization	1,233,081	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Bad debt and miscellaneous	[1] 67,622	[2] 153,211	[3] 126,076	[4] 205,122	[5] 3,498,074	[6] 9,492,203	21,094	29,934
Total operating expenses	5,153,308	5,779,715	5,461,322	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses								
Interest and bond expense	510,815	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Research and development expense	35,350	-	-	-	-	-	-	-
Contributions to others	-	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	546,165	2,478,092	12,156,785	936,157	733,823	550,946	459,897	342,231
Total expenses	$ 5,699,473	$ 8,257,807	$ 17,618,107	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $0

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Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues								
Participation fees - Loan Guarantee	$ -	$ -	$ -	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	115,000	158,160	137,750	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	112,122	352,308	161,876	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	5,000	2,162	-	5,000	-	-	36,633	-
Participation fees - Tax Credits	2,787,360	1,498,369	2,443,355	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	855,547	464,964	307,438	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	-	-	-	2,500	-	-	-
Participation fees - MODESA	-	-	25,000	-	-	25,000	-	-
Interest income on loans and notes receivable	289,535	160,837	316,786	432,415	325,338	232,851	223,954	826,956
Rental income	169,795	25,008	25,008	25,008	25,008	25,057	25,008	25,008
Contractual income	69,782	77,210	75,990	68,757	61,342	60,648	56,934	56,684
DREAM revenues	924,639	873,330	809,894	-	-	-	-	-
Administrative services agreement	30,000	-	-	-	-	-	-	-
Parking garage revenues	2,599,226	3,080,901	3,623,164	2,743,209	2,259,686	1,815,481	1,573,553	730,097
Capital grants and contributions	-	-	-	225,000	-	-	-	-
Other income	204,503	43,362	311,728	373,565	119,272	54,010	14,552	1,187
Total operating revenues	8,162,509	6,736,611	8,237,989	6,470,971	3,871,505	3,286,400	3,267,660	2,414,241
Adjustment to allowance for notes receivable	-	6,114,405	-	-	-	-	-	-
Non-operating revenues								
Interest on cash and investments	306,631	1,131,792	2,533,726	3,072,083	2,129,169	1,241,632	576,685	598,341
Total revenues	$ 8,469,140	$ 13,982,808	$ 10,771,715	$ 9,543,054	$ 6,000,674	$ 4,528,032	$ 3,844,345	$ 3,012,582

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Income (loss) before other changes in net assets	$ 2,769,667	$ 5,725,001	$ (6,846,391)	$ 4,479,551	$ (737,939)	$ (8,452,142)	$ 1,451,179	$ 960,691
Contributed revenue	10,000,000	-	-	225,000	2,600,000	20,514,142	5,799,361	10,000,639
Gain on sale of asset	-	-	-	-	-	-	24,500	-
Total change in net assets	$ 12,769,667	$ 5,725,001	$ (6,846,391)	$ 4,704,551	$ 1,862,062	$ 12,062,000	$ 7,275,040	$ 10,961,330

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Total operating and non-operating revenues	$ 8,469,140	$ 13,982,808	$ 10,771,715	$ 9,543,054	$ 6,000,674	$ 4,528,032	$ 3,844,341	$ 3,012,582
Total operating and non-operating expenses	5,699,473	8,257,807	17,618,106	4,838,504	6,738,612	12,980,075	2,393,166	2,051,891
Net revenue available	2,769,667	5,725,001	(6,846,391)	4,704,550	(737,939)	(8,452,043)	1,451,175	960,691
Debt service								
Principal	255,000	245,000	-	-	2,750,000	-	3,000,000	5,000,000
Interest [1]	157,074	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Bond expenses	353,741	360,971	367,358	224,254	181,965	199,968	249,137	u/k
Total debt service	$ 765,815	$ 1,123,092	$ 1,442,892	$ 936,157	$ 3,483,823	$ 550,946	$ 3,459,897	$ 5,342,231
Debt service coverage	3.62	5.10	(4.74)	5.03	(0.21)	(15.34)	0.42	0.18

[1] Interest does not include capitalized interest paid from bond proceeds.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Garages								
Total number of operational garages [1]	2	2	2	3	2	2	2	1
Parking capacity per year [2]	704,450	704,450	704,450	887,315	504,065	504,065	504,065	317,550
Debt service								
Principal	$ 255,000	$ 245,000	$ -	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [3]	157,074	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Bond expense	353,741	360,971	367,358	224,254	181,965	199,968	249,137	u/k
Total debt service	$ 765,815	$ 1,123,092	$ 1,442,892	$ 936,157	$ 3,483,823	$ 550,946	$ 3,459,897	$ 5,342,231
Daily required revenue per space to cover annual debt service	1.09	1.59	2.05	1.06	6.91	1.09	6.86	16.82

[1] KCLG sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.

[2] Calculated as total number of spaces x 365 days

[3] Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Employment
(In Thousands Except Unemployment Rates Data)

Calendar Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2009	3,037	2,754	283	9.3	9.3
2008	3,047	2,861	186	6.1	5.8
2007	3,050	2,896	155	5.1	4.6
2006	3,034	2,888	147	4.8	4.6
2005	3,011	2,850	162	5.4	5.1
2004	2,988	2,816	172	5.8	5.5
2003	2,979	2,814	166	5.6	6.0
2002	2,986	2,830	156	5.2	5.8
2001	3,003	2,868	135	4.5	4.7
2000	2,973	2,875	98	3.3	4.0
1999	2,911	2,820	91	3.1	4.2
1998	2,911	2,795	116	4.0	4.5
1997	2,904	2,780	124	4.3	4.9
1996	2,869	2,735	135	4.7	5.4
1995	2,822	2,690	132	4.7	5.6
1994	2,759	2,622	136	4.9	6.1
1993	2,706	2,540	166	6.1	6.9

Data Source: Missouri Economic Research and Information Center,
US Department of Labor - Bureau of Labor Statistics

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Personal Income

Calendar Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2009	$ 215,181	$ 12,165,474	$ 35,938	$ 39,626	-2.3	-2.6
2008	218,993	12,379,745	36,766	40,673	4.4	3.1
2007	208,201	11,899,853	35,230	39,458	3.9	4.7
2006	198,727	11,256,516	33,903	37,698	5.4	6.4
2005	186,753	10,476,669	32,162	35,424	2.6	4.6
2004	180,547	9,928,790	31,353	33,881	3.9	5.0
2003	172,529	9,369,072	30,190	32,271	3.2	2.6
2002	166,195	9,054,702	29,255	31,461	2.2	1.0
2001	161,545	8,878,830	28,622	31,145	2.6	2.7
2000	156,359	8,554,866	27,891	30,318	6.4	7.0
1999	145,826	7,906,131	26,218	28,333	3.1	3.9
1998	140,360	7,519,327	25,419	27,258	5.5	6.3
1997	132,117	6,994,388	24,104	25,654	5.3	5.0
1996	124,385	6,584,404	22,901	24,442	4.9	5.1
1995	117,418	6,194,245	21,832	23,262	3.8	4.3
1994	112,001	5,866,796	21,035	22,297	5.4	4.3
1993	105,164	5,558,374	19,951	21,385	n/a	n/a

Data Source: Missouri Economic Research and Information Center,
U.S. Department of Commerce -- Bureau of Economic Analysis

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Population Statistics

Census Year	Population (In Thousands)	% Change	% of Total Urban	% of Total Rural
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce -- Bureau of the Consensus

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Privately Owned Housing Units Authorized By Building Permits

Calendar Year	Number of Units	Valuation (In Thousands)
2009	10,056	1,433,735
2008	13,273	1,889,739
2007	21,525	3,128,424
2006	29,172	4,086,728
2005	33,114	4,702,016
2004	32,791	4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: Missouri Economic Research and Information Center,
US Department of Commerce - Census Bureau

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
MAJOR EMPLOYERS 2009 AND 2000

2009

	Employer	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Associates, Inc.	25,000 +	1.7%
2.	University of Missouri	20,000 - 25,000	0.9%
3.	US Post Office	17,500 - 20,000	0.7%
4.	The Washington University	10,000 - 15,000	0.6%
5.	Boeing Corporation	10,000 - 15,000	0.4%
6.	US Department of Defense	7,500 - 10,000	0.4%
7.	Barnes-Jewish Hospital	7,500 - 10,000	0.3%
8.	City of St. Louis	7,500 - 10,000	0.3%
9.	Internal Revenue Service	7,500 - 10,000	0.3%
10.	Missouri Department of Corrections	7,500 - 10,000	0.3%
		120,000 - 150,000	5.9%

2000

	Employer	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Associates, Inc.	25,000 +	1.2%
2.	US Post Office	20,000 - 25,000	0.8%
3.	University of Missouri	20,000 - 25,000	0.8%
4.	Boeing Company	10,000 - 15,000	0.5%
5.	TWA Airlines LLC	10,000 - 15,000	0.4%
6.	Washington University	10,000 - 15,000	0.4%
7.	Schnucks Markets Inc	10,000 - 15,000	0.3%
8.	US Department of Defense	7,500 - 10,000	0.3%
9.	Barnes-Jewish Hospital	7,500 - 10,000	0.3%
10.	City of St. Louis	7,500 - 10,000	0.3%
		127,500 - 165,000	5.3%

Data Source: Missouri Economic Research and Information Center,
US Department of Labor - Bureau of Labor Statistics

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Industrial Growth

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2009	*	*	*	*
2008	*	*	*	*
2007	*	*	*	*
2006	*	*	*	*
2005	49	26	7,983	$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development

* Information unavailable as of report date.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EMPLOYEE STATISTICS,
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Program Staff								
Full-time	5	5	5	4	4	3.5	3.5	4
Accounting Staff								
Full-time	3	2	2	2	2	2.5	2.5	2
Support Staff								
Full-time	2	2	2	2	2	2	2	2
Total Staff	10	9	9	8	8	8	8	8

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF PROJECTS APPROVED,
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Loan Guarantees	-	-	-	-	-	1	-	-
Bonds								
Private	2	3	7	5	1	2	2	1
Public	3	9	6	8	5	13	9	3
MIDOC	1	2	1	3	2	1	-	5
Tax Credits	3	9	12	6	6	6	4	2
BUILD	6	4	3	1	3	4	1	2
MODESA	-	-	-	-	-	-	1	-
DREAM	5	10	10	10	-	-	-	-
Small Business Loans	48	-	-	-	-	-	-	-
	68	37	39	33	17	27	17	13

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF CAPITAL ASSETS
FISCAL YEARS 2003 TO 2010

	2010	2009	2008	2007	2006	2005	2004	2003
Office Buildings	-	1	1	1	1	1	1	1
Garages [1]	2	2	2	3	2	2	2	1
Parking capacity	1,930	1,930	1,930	2,431	1,381	1,381	1,381	870

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

[1] KCLG sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.

MISSOURI DEVELOPMENT FINANCE BOARD
ACKNOWLEDGEMENTS

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